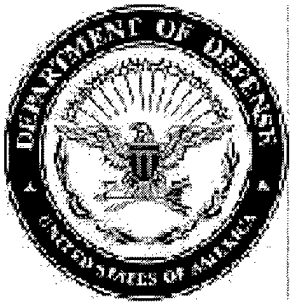

DoD 4140.1-R

DEPARTMENT OF DEFENSE

DoD Materiel Management Regulation

May 1998

Office of the Under Secretary of Defense for Acquisition and Technology

FOREWORD

This Regulation is reissued under authority of DoD Directive 4140.1, "Materiel Management Policy," January 4, 1993. It prescribes procedures on the uniform management of DoD materiel. DoD 4140.1-R, "DoD Materiel Management Regulation," January 1993, is hereby canceled.

This Regulation applies to the Office of the Secretary of Defense (OSD); the Military Departments; the Joint Chiefs of Staff and the Joint Staff; the Unified and Specified Commands; the Inspector General of the Department of Defense (IG, DoD); the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

This Regulation is effective immediately; it is mandatory for use by all DoD Components.

Send recommended changes to this Regulation to:

Deputy Under Secretary of Defense (Logistics)
Room 3E114, 3500 Defense Pentagon
Washington, DC 20301-3500

The DoD Components may obtain copies of this Regulation through their own publications channels. Approved for public release; distribution unlimited. Authorized registered users may obtain copies of this Publication from the Defense Technical Information Center, 8725 John J. Kingman Road, Suite 0944, Fort Belvoir, VA 22060-6218. Other Federal Agencies and the public may obtain copies from the U.S. Department of Commerce, National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161. Copies are also available via the World Wide Web at: http://www.acq.osd.mil/log/mdm/reg.htm

Jacques S. Gansler
Under Secretary of Defense
(Acquisition & Technology)

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ABBREVIATIONS AND/OR ACRONYMS

AAO	Approved Acquisition Objective
AD	Airworthiness Directive
ADUSD(L)(MDM)	Assistant Deputy Under Secretary of Defense (Materiel and Distribution Management)
ALT	Administrative Lead Time
CAGE	Contractor and Government Entity
CCP	Container Consolidation Point
CD-ROM	Compact Disk - Read Only Memory
CLSSA	Cooperative Logistics Supply Support Arrangements
COSIS	Care of Supplies in Storage
CRMS	Contingency Retention Munitions Stock
CRS	Contingency Retention Stock
CSIS	Central Secondary Item Stratification
DAASC	Defense Automatic Addressing System Center
DDP	Demand Development Period
DEPRA	Defense Program for Redistribution of Assets
DIIP	Defense Inactive Item Program
DIOR	Director for Information Operations and Reports
DLA	Defense Logistics Agency
DLAI	DLA Instruction
DLAR	DLA Regulation
DLMS	Defense Logistics Management System
DLMSO	Defense Logistics Management Standards Office
DLIS	Defense Logistics Information Service
DLSS	Defense Logistics Standard System
DMSMS	Diminishing Manufacturing Sources and Material Shortages
DoDAAD	Department of Defense Activity Address Directory (Parts I through III, References (a) through (c))
DoDSASP	DoD Small Arms Serialization Program
DPPG	Defense Packaging Policy Group
DRMO	Defense Reutilization and Marketing Office
DRMS	Defense Reutilization and Marketing Service
DSAA	Defense Security Assistance Agency
DTR	Defense Transportation Regulation
DUSD(L)	Deputy Under Secretary of Defense for Logistics
EDFP	Engineering Data for Provisioning
EDI	Electronic Data Interchange
EOQ	Economic Order Quantity
ERMS	Economic Retention Munitions Stock
ERS	Economic Retention Stock
FAA	Federal Aviation Administration
FAD	Force and Activity Designator
FLIS	Federal Logistics Information System
FMS	Foreign Military Sales
FSC	Federal Supply Classification
FSCAP	Flight Safety Critical Aircraft Part
FSCG	Federal Supply Classification Group

GIDEP	Government Industry Data Exchange Program
GFE	Government Furnished Equipment
GFM	Government Furnished Material
GSA	General Services Administration
ICE	Inventory Control Effectiveness
ICP	Inventory Control Point
ICS	Interim Contractor Support
IDIQ	Indefinite Delivery and Indefinite Quantity
IMC	Item Management Code
IMM	Integrated Materiel Manager
I&S	Interchangeable and Substitutable
JPIWG	Joint Physical Inventory Working Group
JSACG	Joint Small Arms Coordinating Group
LMARS	Logistics Metric Analysis Reporting System
LOGDESMAP	Logistics Data Element Standardization and Management Program (DoD) Procedures
LOT	Life-of-Type
LSIS	Local Secondary Item Stratification
LUIT	Local-Level Unique Item Tracking
MAPAD	Military Assistance Program Address Directory
MCA	Materiel Control Activity
MIA	Missing In Action
MIL-SPEC	Military Specification
MILSBILLS	Military Standard Billing System
MILSCAP	Military Standard Contract Administration Procedures
MILSTAMP	Military Standard Transportation and Movement Procedures
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MME	Military Mission Essentiality
MRO	Materiel Release Order
NATO	North Atlantic Treaty Organization
NDI	Nondevelopmental Item
NIMSR	Nonconsumable Item Materiel Support Requests
NSN	National Stock Number
NUIT	National-level Unique Item Tracking
OASD(C3I)	Office of the Assistant Secretary for Command, Control, Communications, and Intelligence
OL	Operating Level
OSD	Office of the Secretary of Defense
OST	Order and Shipping Time
OSTL	Order and Shipping Time Level
PICA	Primary Inventory Control Activity
PLT	Production Lead Time
PMRP	Precious Metals Recovery Program
POD	Port of Debarkation
POE	Port of Embarkation

POM	Program Objective Memorandum
POW	Prisoner of War
PR/DS	Potential Reutilization and/or Disposal Stock
PTD	Provisioning Technical Documentation
RBS	Readiness-Based Sparing
RDD	Required Delivery Date
RDT&E	Research, Development, Test and Engineering
RRMS	Requirement Related Munitions Stock
RSC	Reason for Stockage Category
SDR	Supply Discrepancy Report
SICA	Secondary Inventory Control Activity
SMCA	Single Manager for Conventional Ammunition
SM&R	Source, Maintenance, and Recoverability
SPR	Special Program Requirement
SSIR	Supply System Inventory Report
SSR	Supply Support Request
TAV	Total Asset Visibility
TCN	Transportation Control Number
TM	Technical Manual
TMR	Total Munitions Requirements
UII	Unique Item Identifier
UIT	Unique Item Tracking
UITC	Unique Item Tracking Committee
UMMIPS	Uniform Materiel Movement and Issue Priority System
UND	Urgency of Need Designator
USCG	United States Coast Guard
USSOCOM	United States Special Operations Command
WHS	Washington Headquarters Services

C1. CHAPTER 1

ACQUISITION MATERIEL MANAGEMENT

C1.1. ACQUISITION INTERFACES

C1.1.1. Policy

C1.1.1.1. For each weapon system acquisition program, materiel managers shall designate a focal point to participate in acquisition logistics planning. The focal point shall represent the materiel management community on integrated product teams and acquisition logistics management teams and provide supply management contract requirements, technical and quality data, and historical supply data, as required.

C1.1.1.2. Materiel managers shall maintain historical experience data, particularly comparisons between projected quantitative factors developed during the acquisition processes and actual experience. That data shall be organized to aid in performing supportability analysis and other analyses during the weapon system acquisition process.

C1.1.1.3. Extrapolations and deviations from the engineering data and logistics requirements developed during the weapon system acquisition process shall be documented, including the basis for any changes.

C1.1.1.4. When an engineering change is being developed for a weapon system that is organically supported, materiel managers shall work with the developers of the change on items being phased out of the system to avoid unnecessary future procurements of such items.

C1.1.2. Procedures

C1.1.2.1. Materiel management focal points shall ensure, as follows, that:

C1.1.2.1.1. They are participating members of the acquisition logistics management team beginning in concept exploration phase, and continuing into modifications and engineering changes to weapon systems to ensure that inventory managers have current information regarding acquisition and support decisions applicable to systems that are changing or being phased out.

C1.1.2.1.2. They participate fully in the formulation of supply concepts and the development of baseline comparison systems by providing applicable historical data on similar and predecessor systems.

C1.1.2.1.3. Weapon system solicitation documents (i.e., requests for proposals) including the statement of work and contract data requirements lists adequately reflect the requirement to minimize life-cycle cost of materiel support, as defined by the materiel management focal point.

C1.1.2.2. Materiel management focal points shall ensure that provisioning goals and objectives consistent with system readiness goals and objectives are provided for inclusion in the logistics support plan beginning in the concept development phase.

C1.1.2.3. Materiel managers should participate with Military Parts Control Advisory Groups and Command Standardization Office representatives in the parts control program established, in accordance with DoD 5000.2-R (reference (d)). Emphasis should be placed on review of the program parts selection list and the non-standard part approval request at or before preliminary design review to ensure parts control and standardization is being adequately applied.

C1.1.2.4. Materiel managers shall maintain weapon system application files containing actual weapon system experience data that may be directly compared to predicted values used during the system acquisition process for reliability, maintainability, and system readiness. Measures of key supply system performance and pipeline times shall also be maintained for use in logistics support analysis and other related analysis.

C1.1.2.5. The comparative information in subparagraph C1.1.2.4., above, shall be provided to support logistics support analysis efforts starting during the early concept exploration phases. Those comparisons shall also be used to evaluate the accuracy and effectiveness of supply support decisions.

C1.1.2.6. Materiel managers shall ensure that any proposed changes to the engineering data or logistics planning are documented and provided to the logistics manager for coordination before implementation.

C1.1.2.7. Logistics managers shall maintain an audit trail of any changes that are made to include the rationale for change. Applicable feedback shall be provided to the weapon system manager and be maintained as a part of the weapon system historical file.

C1.2. PROVISIONING

C1.2.1. Policy

C1.2.1.1. The DoD Components shall establish and pursue the goal of provisioning sufficient support items to meet end item readiness objectives at minimum investment cost.

C1.2.1.2. To measure the effectiveness of provisioning performance, tools, and process improvement initiatives, provisioning performance measures (quality standards) shall be established.

C1.2.1.3. Provisioning requirements and activities shall be integrated within system acquisition processes.

C1.2.1.3.1. Materiel managers shall actively participate in the logistics support program established within each acquisition program office.

C1.2.1.3.2. Provisioning planning shall begin in the concept exploration and program definition acquisition phases and continue through the system acquisition process.

C1.2.1.3.3. Materiel managers shall ensure that life cycle supply support technical data requirements are assessed and documented. The objective of provisioning technical data management is timely access to all data required to identify and acquire initial support items.

C1.2.1.3.4. Maximum emphasis shall be placed on reducing the variety of parts and associated documentation required by weapon systems and/or end items.

C1.2.1.4. Materiel managers, together with other acquisition and logistics managers, shall evaluate various supply support concepts (e.g., organic and contractor; etc.) through the logistic support analysis process to select the most cost-effective supply support concept.

C1.2.1.5. Contractor supply support and servicing capabilities shall be used to the maximum extent possible when cost effective.

C1.2.1.6. Readiness-Based Sparing (RBS) shall be used for weapon system support provisioning requirements computations so that the resulting investment in supplies will meet end item readiness objectives at minimum cost.

C1.2.1.6.1. When it is not economically feasible to use RBS models and processes, demand-based requirements determination methodologies may be used. However, total stockage computed by such methodologies shall not exceed 1-year's worth of projected demand at each echelon in question.

C1.2.1.6.2. When using demand based methodologies, safety level quantities are not authorized for provisioning.

C1.2.1.7. Provisioning procurement actions shall be phased based on weapon system and/or end item program development and delivery schedules. Procurements should not be made until a lead

time before organic supported fielding of the weapon system or end item.

C1.2.1.8. Provisioning requirements extend through the demand development period (DDP) for an item, which is the period of time extending from the expected initial date of demand support to a point in time when requirements may be forecast using actual demands.

C1.2.1.8.1. The expected initial date of demand support is equal to the preliminary operational capability date of the weapon system plus the expected time until first demand (based on reliability of item). For items only used in depot-level repair of a higher assembly, the expected date should be the first scheduled date for depot level repair of the higher assembly.

C1.2.1.8.2. The DDP should be minimized to no more than 1 year when representative operating time exists, and should not normally exceed 2 years. If sufficient representative operating time has not been accumulated at the end of this period to adjust the demand forecast, an evaluation may be made to extend the DDP up to 3 more years, for a total DDP of 5 years.

C1.2.2. Procedures

C1.2.2.1. Provisioning Data Management

C1.2.2.1.1. Materiel managers shall provide logistics managers with applicable provisioning data requirements to be included in acquisition solicitation documents. Provisioning data requirements are defined as Provisioning Technical Documentation (PTD) and Engineering Data for Provisioning (EDFP).

C1.2.2.1.1.1. Provisioning data shall be acquired to do the following:

C1.2.2.1.1.1.1. Assign Source, Maintenance, and Recoverability (SM&R) coding.

C1.2.2.1.1.1.2. Do provisioning screening.

C1.2.2.1.1.1.3. Review for parts standardization.

C1.2.2.1.1.1.4. Review for potential interchangeability and substitutability.

C1.2.2.1.1.1.5. Assign Item Management Codes (IMCs).

C1.2.2.1.1.1.6. Prepare item identifications for assigning National Stock Numbers (NSNs).

C1.2.2.1.1.1.7. Prepare allowance and issue lists.

C1.2.2.1.1.1.8. Determine requirements.

C1.2.2.1.1.1.9. Procure for initial support.

C1.2.2.1.1.2. EDFP shall be tailored by the provisioning activity to get product engineering drawings or commercial drawings.

C1.2.2.1.1.3. For joint Service acquisition programs, uniform PTD and EDFP requirements should be established. The materiel manager of the lead DoD Component shall coordinate provisioning requirements with the supporting DoD Components so that unnecessary duplication of data, formats, procedures, and operations is avoided.

C1.2.2.1.1.4. Digital format is the preferred method for generating and accepting PTD and EDFP.

C1.2.2.1.1.5. For Nondevelopmental Items (NDI), contractor commercial data products should be used to the maximum extent possible to satisfy provisioning data requirements.

C1.2.2.1.2. Materiel managers shall verify that acquired PTD and EDFP is sufficient to support reprocurement of required items. Data deficiencies should be identified and corrected before the expiration of contractual obligations.

C1.2.2.1.3. The DoD Components shall assign the uniform SM&R codes prescribed by AR 700-82/OPNAVINST 4410.2/AFR 66-45/MCO 4400.120/DLAR 4100.6 (reference (e)). The Secretary of the Army shall be responsible for the coordination, publication, and maintenance of reference (e). For end items used by multiple Services, coding decisions shall be coordinated among the users to promote maximum inter-Service maintenance and supply support.

C1.2.2.1.4. Uniform IMCs shall be assigned to support items during provisioning as prescribed in DoD 4100.39-M (reference (f)).

C1.2.2.1.5. During provisioning, materiel managers shall ensure that provisioned support items are coded and reviewed for shelf-life considerations, in accordance with the DoD Shelf-Life Item Management Program (see subsection C5.3.5, below), the procedures of DoD 4140.27-M, and the codes identified in DoD 4100.38-M (references (g) and (h)). Emphasis should be on identification and use of non-hazardous items and longer shelf-life items, where possible. The Director, Defense Logistics Agency (DLA), shall be responsible for the coordination, publication, and maintenance of reference (h).

C1.2.2.2. Provisioning Screening

C1.2.2.2.1. Manufacturer's part numbers and other reference number data shall be screened during the provisioning

process, in accordance with reference (h) to prevent unnecessary or duplicate items from entering the supply system.

C1.2.2.2.2. When provisioning screening reveals that a support item or an acceptable substitute item is already an established item (that is, assigned an NSN), the requirement for the item shall be filled from existing stocks or through normal replenishment procurement.

C1.2.2.2.3. The DoD Components shall facilitate electronic access to Federal cataloging systems files by contractors who are under current system development or production contracts.

C1.2.2.3. Provisioning Support Concepts

C1.2.2.3.1. The selected supply support approach during the provisioning period shall be based on cost effectiveness, providing a balance between meeting readiness objectives and minimizing life cycle cost, inventory management risk, and logistics burden to the operational user.

C1.2.2.3.2. When applicable, transition to organic supply support should be planned as follows:

C1.2.2.3.2.1. The transition schedule should be based on design stability and supply support concept compatibility with maintenance concepts and other logistics support elements.

C1.2.2.3.2.2. Contractor to organic supply support transition and schedules should be consistent with the system/equipment logistics support plan. Phased support approaches are encouraged, allowing for the cost-effective transition to organic supply support.

C1.2.2.3.3 Procedural control over models and other analytic approaches to select optimum life cycle supply support concepts that are integrated with overall logistics and system support concepts shall be retained at the headquarters of the DoD Component.

C1.2.2.3.4. Maximum utilization of contractor supply support shall be considered. Explicit candidates for contractor supply support are items during the early production period when they are of poor reliability or unstable design, they have a high unit cost and require substantial initial investment, or the probability of design obsolescence or expensive modification is high.

C1.2.2.3.5. For NDI or end items procured in small quantities, the preferred method of supply support is reliance on commercial sources.

C1.2.2.4. Provisioning Requirements Determination

C1.2.2.4.1. For cost-effective weapon system support provisioning, requirements for spare and repair parts shall be computed through a RBS requirements determination process.

C1.2.2.4.1.1. RBS processes require the establishment of an optimum range and quantity of spare and repair parts at all stockage and user locations to meet approved, quantifiable, weapon system readiness, operational availability, or fully mission capable objectives.

C1.2.2.4.1.2. RBS requirements processes shall be compatible with replenishment requirements determination models.

C1.2.2.4.1.3. Procedural control over RBS models and processes shall be retained at the headquarters of the DoD Component.

C1.2.2.4.2. Demand based methodologies may be used for non-weapon system support provisioning, where readiness requirements for systems or end items are not stated, where data is not available for input to RBS models, or where the application of RBS approaches is not cost-effective.

C1.2.2.4.2.1. Those methodologies are categorized as "demand based" because the forecast of annual demands forms the basis for determining that stockage is economical at respective support levels.

C1.2.2.4.2.2. When using demand based sparing processes, an approach of minimizing the costs of achieving a targeted supply performance goal shall be used.

C1.2.2.4.3. Requirements for provisioned items shall be computed using the latest end item program or delivery data and projected mature maintenance replacement rates.

C1.2.2.4.4. Calculated risks may be taken during the provisioning period by deferring procurement of partial quantities of computed requirements for selected spare and repair parts when program uncertainties or other circumstances make such risks acceptable in the context of available resources and readiness goals.

C1.2.2.4.5. The DoD Components shall retain documentation that portrays how contractor and Government factors were evaluated and used in determining provisioning requirements. (See paragraphs C1.1.2.6. and C1.1.2.7., above)

C1.2.2.4.6. Contractors may be requested to give recommendations on the range and quantity of support items required.

C1.2.2.4.7. When an established item is managed by a DoD Component other than the provisioning DoD Component, the provisioning DoD Component shall register the requirement with the Integrated Materiel Manager (IMM) by submitting Supply Support Requests (SSRs) for consumable items, in accordance with DoD 4140.26-M, and by submitting Nonconsumable Item Materiel Support Requests (NIMSRs) for reparable items, in accordance with AMC-R 700-99/NAVSUPINST 4790.7/AFLCR 400-21/MCO P4410.22C (references (i) and (j)).

C1.2.2.4.7.1. The SSR and NIMSR process is designed to provide IMMs with an estimate of the time-phased requirements necessary to support weapon systems as they are activated. To this end, SSRs and NIMSRs submitted to IMMs should be provided with a forecasted 12-month requirement, identify how the requirement is computed, and be based on average program requirements during the DDP.

C1.2.2.4.7.2. IMMs shall only make adjustments to requirements provided by the using DoD Components on the basis of affordability. Such adjustments shall reflect the dollar savings resulting from the change and the impact on system/equipment readiness.

C1.2.2.4.8. Items for which anticipated demands are insufficient to justify stockage on an economic basis shall not be stocked unless required as limited demand or insurance items. (See paragraphs C3.3.2.1.6. and C3.3.2.2.1., below)

C1.2.2.5. Procuring Provisioned Support Items

C1.2.2.5.1. Provisioning retail procurement levels should be developed based on end item density factors and site activation schedules.

C1.2.2.5.2. Provisioning wholesale procurement levels should be developed based on a time-weighted average month's program, which is the average number of end items supported each month.

C1.2.2.5.3. The procuring DoD Component may authorize contractors, in advance of formal procurement, to release limited quantities of long lead time support items (those items which due to their complexity of design, complicated manufacturing processes, or limited production require early ordering to ensure timely delivery).

C1.2.2.5.4. Incremental release of procurement orders for provisioned support items should be executed so that the obligation of funds is made on the basis of the procurement lead time required to ensure that the support items arrive for the scheduled initial outfitting support dates. When it is found to be uneconomical to release orders incrementally, this method may be waived by the procuring DoD Component.

C1.2.2.5.5. DoD materiel managers, in cooperation with program managers, shall arrange for the acquisition of initial spares, as well as replenishment spares, as early in the production process as possible.

C1.2.2.6. DDP

C1.2.2.6.1. During the DDP, new item demand is forecasted using an engineering estimate because representative operating time is not yet sufficient to adjust this estimate with historical data. Once representative operating time is sufficient (the DDP has ended), the weight on the engineering estimate shall decrease. The objective of that procedure is to ensure that increasing consideration is given to actual demand data as opposed to provisioning estimates.

C1.2.2.6.2. When interim contractor support (ICS) is employed, materiel managers shall identify the necessary usage data to be collected by the contractor and delivered to the Government in a format compatible with the automated system used in the Government's requirements determination process. The contractor's usage data, rather than engineering estimates, shall be used to forecast replenishment spare and repair parts requirements when considered representative. Possession of the contractor's usage data may eliminate the need to establish a DDP upon transition to organic support. The DDP could actually occur during ICS.

C1.2.2.6.3. Preferably the DDP should be measured against an equipment operating standard (hours, miles, and rounds; etc.) instead of calendar time. If that is not possible, a traditional calendar-based DDP may be employed.

C1.2.2.6.4. Whether using a calendar-based or operating standard-based DDP, once sufficient representative operating time exists to adjust demand forecasts (or after 5 years, the maximum DDP), stockage, requirements, and retention should be based on actual usage data.

C1.2.2.6.5. The DoD Components shall develop methodologies for statistically validating actual usage experienced during the DDP. In the event the actual usage data is judged to not be statistically valid, the materiel manager shall continue to base demand estimates for replenishment on both engineering estimates and actual usage data until statistically valid data is obtained.

C1.2.2.6.6. After the DDP for support items is completed, increases in end item density or operating usage should not be the basis for further procurement of initial spares. Those requirements should be considered replenishment spares and should be satisfied using the requirements process outlined in Chapter 3.

C1.2.2.7. Provisioning Performance Measures

C1.2.2.7.1. The DoD Components shall develop and maintain provisioning performance measures.

C1.2.2.7.2. Measurement criteria should include the following:

C1.2.2.7.2.1. Assessment of provisioning contribution to achievement of readiness objectives.

C1.2.2.7.2.2. Accuracy of provisioning buys.

C1.2.2.7.2.3. Ability to meet provisioning milestones.

C1.2.2.7.2.4. Accuracy of provisioning documentation.

C1.2.2.7.2.5. Inventory efficiency as measured by minimized inactive inventories.

C1.3. QUALITY PROGRAMS

C1.3.1. Policy. Only secondary items that conform fully to contract specifications shall enter the DoD supply system.

C1.3.2. Procedures

C1.3.2.1. The DoD Components shall establish and implement quality programs to ensure the quality of secondary items and conformance to contract specifications.

C1.3.2.2. Such programs shall apply to all applicable segments of the acquisition process. Acquisition process segments include, but are not limited to, pre-contract award, contract award, contract administration, supply management, and feedback.

C1.3.2.3. The DoD Components shall develop action plans to correct deficiencies identified in the quality process and ensure continuous improvement in the quality of secondary items. Those plans should include performance measures and milestones in applicable acquisition phases and document actions and accomplishments that carry out quality program objectives.

C1.3.2.4. Applicable quality assurance methods shall be used to ensure that items conform to contract and technical requirements. Such methods include contractor selection and qualification programs; proper selection and application of contractual quality requirements; pre-award surveys; Government inspection at source or destination; and pre-acceptance and post-acceptance and post-acceptance testing.

C1.3.2.5. Such quality assurance techniques and testing should stress conformance of critical application items to contract and technical requirements. Particular attention should be given to past performance when allocating quality assurance and testing resources among contractors and items.

C1.3.2.6. Items not conforming to contract specifications shall be identified and corrective actions shall be taken under the provisions of the contract. Quality assurance is described in Part 46 of the FAR and Part 246 of the DFARS (references (k) and (l)).

C1.3.2.7. The DoD Components shall establish criteria and methods to identify contractors who consistently fail to meet contract requirements and prevent future contract awards to such contractors.

C1.3.2.8. The DoD Components shall measure the quality of secondary items and document trends in item nonconformance. Particular emphasis shall be placed on the measurement and documentation of trends for "critical nonconformance" and "major nonconformance" as defined in reference (l).

C1.3.2.9. Distribution depots and storage locations shall establish quality methods to verify that items accepted, stored, packaged, repackaged, marked, and issued conform with applicable quality and technical requirements. Emphasis should be placed on critical application items.

C1.3.2.10. Aggressive measures should be undertaken at both wholesale and retail levels to identify and remove nonconforming items from the supply system.

C1.4. DIMINISHING MANUFACTURING SOURCES AND MATERIAL SHORTAGES (DMSMS)

C1.4.1. Policy. DMSMS refers to the loss or impending loss of manufacturers of items or suppliers of items or raw materials. The DoD Components shall take timely and effective actions to identify and minimize the impact on DoD acquisition and logistics support efforts when a system's development, production, or post-production support capability is endangered by DMSMS

C1.4.1.1. DMSMS situations occur when manufacturers of items or raw material suppliers discontinue production due to reasons such as rapid change in item or material technology, uneconomical production requirements, foreign source competition, Federal environmental or safety requirements, or limited availability of items and raw materials used in the manufacturing process.

C1.4.1.2. The negative impact of DMSMS situations tends to be pervasive in that they not only preclude repair of materiel but also preclude procurement of additional systems, equipment,

spare assemblies, and subassemblies that depend on the DMSMS items and raw materials for their manufacture.

C1.4.1.3. IMMs should aggressively seek alternate sources for DMSMS items when Component weapon system readiness or performance goals may not be met.

C1.4.2. Procedures

C1.4.2.1. The Deputy Under Secretary of Defense for Logistics (DUSD(L)) shall exercise authority for direction and management of the DMSMS program, including the establishment and maintenance of implementing regulations.

C1.4.2.2. Each DoD Component shall designate a focal point to plan and coordinate actions to minimize the impact of DMSMS. Such actions include but are not limited to:

C1.4.2.2.1. Promoting technical efforts (such as use of emulation and generic arrays) and non-technical efforts (such as sharing Government and industry reports on DMSMS) that will neutralize or minimize DMSMS.

C1.4.2.2.2. Assessing DMSMS (parts obsolescence) on New DoD Weapons Systems

C1.4.2.2.2.1. Participating in post production support planning activities conducted as part of the logistics support program and documented in the logistics support plan.

C1.4.2.2.2.2. Ensuring, to the maximum extent practical through parts screening for potential technology obsolescence, that identified DMSMS items are not included in DoD systems during design, redesign, or production. That includes screening parts for current obsolescence, and for items that may be obsolete within the near future (1 through 5 years) and assessing the vulnerability of the parts to become obsolete. If an identified DMSMS item may not be dropped during those stages, the procuring activity shall ensure that there is continuous part availability and post-production support.

C1.4.2.2.3. Establishing the most cost-effective solution consistent with mission requirements when an item is identified as DMSMS.

C1.4.2.2.4. Conserving existing and on-order stocks by challenging suspected excessive requisitions, limiting automatic issue to established users with known requirements, and issuing on a case-by-case basis to other users until a cost-effective solution to the DMSMS situation may be implemented.

C1.4.2.2.5. Ensuring that DMSMS information is effectively communicated and exchanged within the Department of Defense, with other Government organizations, and with industry

through the maximum use of alerts and the Government Industry Data Exchange Program (GIDEP). At a minimum, the information should be relative to the discontinuance of manufacturers' products and identify the item, its technical specifications, the name of the manufacturer, when the product will be discontinued, and if known, where the product is used.

C1.4.2.3. Commanders of activities with responsibility for design control, acquisition, and management of any centrally managed item used within weapon systems or equipment shall implement the DMSMS program by establishing internal procedures.

C1.4.2.4. IMMs should implement the most cost-effective solution consistent with mission requirements when an item is identified as DMSMS. These actions are considered most significant and are listed in order of preference:

C1.4.2.4.1. Encourage the existing source to continue production.

C1.4.2.4.2. Find another source. A smaller company might undertake production that no longer is profitable for a larger company.

C1.4.2.4.3. Obtain an existing substitute item that will perform fully (in terms of form, fit, and function) in place of the DMSMS item.

C1.4.2.4.4. Obtain an existing substitute item that, while it would satisfy one or more functions, might not necessarily perform satisfactorily in all of them (limited substitute).

C1.4.2.4.5. Redefine military specification (MIL-SPEC) requirements through applicable engineering support activities, and consider buying from a commercial source. That redefinition may include MIL-SPEC tailoring. Such a course of action might induce the emergence of additional sources.

C1.4.2.4.6. Use current manufacturing processes to produce a substitute item (form, fit, function) for the unobtainable item. That emulation type technology is particularly useful in producing microcircuits. Through microcircuit emulation, inventory reduction may be achieved as obsolete items may be replaced with state-of-the-art devices that may be manufactured and supplied on demand. Emulation may be considered a more preferred alternative to 3. and 4. above, if the part may be used in a wide variety of functions.

C1.4.2.4.7. Make a "bridge buy" of a sufficient number of parts to allow enough time to develop another solution.

C1.4.2.4.8. Make a Life-of-Type (LOT) buy. Based on estimated life-of-system requirements, the DoD Components may

make a onetime procurement of enough material to last until the end items being supported are no longer in use. LOT buys shall include sufficient material to be provided as Government Furnished Material (GFM) for repair and for piecework applications in the procurement of additional systems, equipment, spare assemblies, and subassemblies. Before adopting that alternative, managers should take into account the potential for criticism of excessive levels of on-hand inventory.

C1.4.2.4.9. If a contractor using Government Furnished Equipment (GFE) stops production, use the GFE to set up a new source.

C1.4.2.4.10. Take one of these actions, which generally pertain to the DoD Components that use the specific item and are listed in order of preference, as follows:

C1.4.2.4.10.1. Reclaim DMSMS parts from marginal or out-of-service equipment or, when economical, from equipment that is in a long supply or potential excess position.

C1.4.2.4.10.2. Modify or redesign the end item to drop the part in question or replace it with another. That option may become more cost-effective if the end item contains several DMSMS parts.

C1.4.2.4.10.3. Replace the system in which the DMSMS item is used. That alternative would require extensive cost analysis.

C1.4.2.4.10.4. Require the using contractor, through contractual agreements, to maintain an inventory of DMSMS items for future DoD production demands. That option shall be weighed against the cost of the Department of Defense maintaining an inventory and supplying the items as GFM.

C1.4.2.4.10.5. Obtain a production warranty, if possible, from the contractor to supply the item or items for a specified time (life of equipment) irrespective of demands.

C1.4.2.4.10.6. Send the information that was originally obtained from industrial sources about an actual or prospective announcement of a manufacturer's intent to stop production to the cognizant IMM. That information will allow DMSMS broadcast alerts to be generated, if applicable.

C1.4.2.4.10.7. Ensure that post-action surveillance is maintained by the ICP throughout the life of DMSMS items in the logistics system.

C1.4.2.4.10.8. Ensure that the DoD Components and Security Assistance customers using the specific item respond to ICPs when requested to provide requirements information which is needed to decide the best course of action for ensuring continued

supply of DMSMS items. Timeliness of those responses is essential to meet contractor-imposed final action deadlines. For DMSMS cases involving multiple parts and multiple users, Integrated Product Teams should be established to coordinate DoD assessment and response to ensure that adequate logistics support may be maintained for affected weapon systems.

C1.5. SPARE PARTS BREAKOUT PROGRAM

C1.5.1. Policy. The Department of Defense shall reduce the costs of spare parts through the use of competitive procurement methods, or the purchase of parts directly from the actual manufacturer rather than the prime contractor, while maintaining the integrity of the systems and equipment in which the parts are to be used. The DoD Spare Parts Breakout Program shall carry out that policy.

C1.5.2. Procedures. Specific procedures for operating the DoD Spare Parts Breakout Program, including full and limited screening, and technical data improvement procedures, are outlined in the DFARS, App. E, Parts 1 and 2 (reference (l)). General responsibilities for operating the program are, as follows:

C1.5.2.1. The DUSD(L) shall exercise authority for direction and management of the DoD Spare Parts Breakout Program, including the establishment and maintenance of implementing regulations.

C1.5.2.2. Commanders of activities with responsibility for design control, acquisition, and management of any centrally managed replenishment or provisioned part for military systems and equipment shall:

C1.5.2.2.1. Implement spare parts breakout programs.

C1.5.2.2.2. Assist in the identification and acquisition of necessary data rights and technical data, and the review of restrictive legends on technical data, during system and/or equipment development and production, to allow for breakout of parts where possible. Reverse engineering should be considered as a method of developing or increasing competition.

C1.5.2.2.3. Designate a program manager to serve as the activity's central focal point, communicate breakout policy, ensure cost-effectiveness of screening actions as well as the activity's breakout program, provide assistance in implementing breakout screening, monitor ongoing breakout efforts and achievements and provide surveillance over implementation of reference (l). The program manager shall report to the commander or the deputy commander of the activity with breakout screening responsibility.

C1.5.2.2.4. Ensure that actions to remove impediments to spare parts breakout are continued so long as it is cost-effective to do so, or until no further improvements to spare parts breakout may be made.

C1.5.2.2.5. Ensure timely engineering and technical support to other spare parts breakout activities, regardless of location.

C1.5.2.2.6. Ensure that applicable surveillance is given to first-time breakout parts.

C2. CHAPTER 2

LOGISTICS DATA MANAGEMENT, SYSTEMS, AND PROGRAMS

C2.1. DEFENSE LOGISTICS MANAGEMENT SYSTEM (DLMS)

C2.1.1. Policy. The DLMS interprets, prescribes and implements DoD Logistics management policy in the functional areas of supply, transportation, acquisition (contract administration), maintenance and finance. The DLMS, a system governing logistics functional business management standards and practices, provides a functional infrastructure for the establishment and maintenance of procedural guidelines required for its user community to carry out DoD logistics policy. The DLMS is prescribed by DoD 4000.25-M (reference (m)). The Defense Logistics Standard System (DLSS) shall be deactivated upon DoD wide implementation of the DLMS. These DLSS procedures, codes, system, report, and directories and their associated DoD Manuals are to be maintained and used with the DLSS pending their complete transition into the DLMS:

C2.1.1.1. Military Standard Requisitioning and Issue Procedures (MILSTRIP) in DoD 4000.25-1-M (reference (n)).

C2.1.1.2. MILSTRIP Routing Identifier and Distribution Codes in DoD 4000.25-1-S1 (reference (o)).

C2.1.1.3. Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) in DoD 4000.25-2-M (reference (p)).

C2.1.1.4. Military Standard Transportation and Movement Procedures (MILSTAMP) in DoD 4500.32-R, Vol. 1 (reference (q)).

C2.1.1.5. MILSTAMP Transportation Account Codes in DoD 4500.32-R, Vol. 2 (reference (r)).

C2.1.1.6. Military Standard Contract Administration Procedures (MILSCAP) in DoD 4000.25-5-M (reference (s)).

C2.1.1.7. Military Standard Billing System (MILSBILLS) in DoD 4000.25-7-M (reference (t)).

C2.1.1.8. Fund Code Supplement to MILSBILLS in DoD 4000.25-7-M-S-1 (reference (u)).

C2.1.1.9. Supply Discrepancy Report (SDR) in DLAI 4140.55/AR 735-11/SECNAVINST 4355.18A/AFJMAN 23-215 (reference (v)).

C2.1.1.10. Defense Program for Redistribution of Assets (DEPRA) Procedures in DoD 4000.25-1-S2 (reference (w)).

C2.1.1.11. Department of Defense Activity Address Directory (DoDAAD) in DoD 4000.25-6-M, Parts I through III (references (a) through (c)).

C2.1.1.12. Military Assistance Program Address Directory (MAPAD) in DoD 4000.25-8-M (reference (x)).

C2.1.1.13. Logistics Data Element Standardization and Management Program (DoD LOGDESMAP) Procedures in DoD 4000.25-13-M (reference (y)).

C2.1.2. Procedures

C2.1.2.1. The DLMS and the DLSS DoD Manuals shall be circulated, as required, to the using levels of the DoD Components. The DoD Components or other organizations may issue supplemental procedures when additional detailed instructions are required.

C2.1.2.2. The DoD Components shall incrementally implement the DLMS using a pre-determined schedule. Until, such time as the DLMS is fully implemented, conversion of the DLSS to the DLMS and, the DLMS to the DLSS, shall be accomplished using the translation capabilities of the Defense Automatic Addressing System Center (DAASC). Priority shall be given to the development and implementation of joint or inter-Component procedures before separate development of intra-Component procedures. The DoD Components shall uniformly implement the DLSS between Components, and at all levels within each Component, until conversion to the DLMS.

C2.1.2.3. All data elements employed in the DLMS and the DLSS that have not been standardized under DoD Directive 8320.1 (reference (z)) shall be standardized as DoD logistics standards. DoD Logistics Standard Data Elements shall be used in the design and upgrading of DoD-wide and inter-Component automated logistics systems.

C2.1.2.4. Requirements for enhancement or revision of the DLMS shall be completely defined and documented.

C2.1.2.5. Recommended revisions to the DLMS and the DLSS shall be coordinated with the DoD Components, affected Federal Agencies, foreign governments and industrial organizations, as required, and shall provide at a minimum this information:

C2.1.2.5.1. Narrative description of the basic concept being proposed and reason therefor.

C2.1.2.5.2. Known interface and impact requirements with other standard logistics systems.

C2.1.2.5.3. Operational statement identifying known advantages and disadvantages resulting from the proposed revision, such as support of the Defense Information Infrastructure Common Operating Environment and the Global Combat Support System.

C2.1.2.5.4. Proposed wording required for the applicable DLMS or DLSS publication.

C2.1.2.6. Approved revisions shall be consolidated and scheduled for implementation, usually semi-annually to avoid continuous disruption of systems at operating levels. Urgent revisions shall be implemented on a priority basis. Implementation dates for approved revisions shall be coordinated with all DoD Components, affected Federal Agencies, foreign governments and industrial organizations, as required, or as directed by the Office of the Secretary of Defense. When joint revision proposals are coordinated, one of the system or program focal points shall be designated as the office of primary responsibility for preparing the joint response.

C2.1.2.7. The procedures prescribed by the DLMS shall be used when undertaking the development of new, or revision of, existing logistics systems. If revisions to the existing DLMS are desired to accommodate technical innovations planned for new system designs, applicable DLMS change proposals shall be submitted with full justification, documentation, and explanation of the intended use.

C2.1.2.8. DLMS and DLSS responsibilities are in Appendix 1.

C2.2. CATALOGING

C2.2.1. Policy

C2.2.1.1. A Federal Logistics Information System (FLIS) shall be established, maintained, and used within the Department of Defense as a single source of cataloging and related logistics data.

C2.2.1.2. To the maximum extent possible, introduction of new items to the catalog shall be done concurrent with provisioning.

C2.2.1.3. An item that is stocked, routinely distributed, or repetitively bought and used, shall be included in the FLIS and be named, classified, and described in such a manner as to ensure that each item is identified by a single NSN throughout the Department of Defense. Each item of supply identified in the FLIS shall be assigned an NSN.

C2.2.1.4. The number of new and common items entering the FLIS shall be minimized through the use of standardization, parts control, and item entry control processes.

C2.2.1.5. Item descriptions, sufficient to distinguish one item from every other item, shall be used in the preparation of requests submitted for NSN assignment. Descriptive data for an item of supply shall be maintained to the extent necessary to support identification requirements and other logistics functions.

C2.2.1.6. To eliminate redundant efforts and reviews, the Government shall get item-identifying characteristics and other logistics management data as close as possible to its source, including the use of contractor information systems. Maximum use shall be made of on-line cataloging tools and expert systems.

C2.2.1.7. Accurate and timely logistics data shall be updated and distributed in multiple media (e.g., on-line, Compact Disk - Read Only Memory (CD-ROM); etc.) on a regular basis.

C2.2.1.8. The Defense Logistics Information Service (DLIS) shall operate a repository of item-identifying, item-related logistics management data and logistics data indices that is structured to fully use advanced automated data processing concepts and the latest communications techniques.

C2.2.1.9. Complete and comprehensive FLIS data records shall be available to system users regardless of the geographical location of the data.

C2.2.1.10. United States participation in the North Atlantic Treaty Organization (NATO) Codification (Cataloging) System shall be under the provisions of Standardization NATO Agreements 3150 and 3151, and the Allied Codification Publication (references (aa) through (cc)).

C2.2.2. Procedures

C2.2.2.1. As stated in paragraph C1.2.2.1.3, above, the DoD Components shall classify secondary items as "consumable," "field level reparable," or "depot level reparable" items and assign SM&R codes according to the criteria in AR 700-82/OPNAVINST 4410.2/AFR 66-45/MCO 4400.120/DLAR 4100.6 (reference (e)).

C2.2.2.2. The detailed procedures for the FLIS are in DoD 4100.39-M (reference (f)). Reference (f) has detailed guidance on the criteria for establishing and operating a Federal Government-wide logistics data management system. It also has instructions for the daily operations; e.g., transaction formats, data element and code definitions, required time frames for actions, performance standards, and management data requirements.

C2.2.2.3. The Director, DLA, shall administer the FLIS.

C2.3. INTEGRATED MATERIEL MANAGEMENT

C2.3.1. Policy

C2.3.1.1. A single IMM shall manage each item in the DoD supply system. The determination of management responsibility shall be based on item management coding criteria as agreed on by the DoD Integrated Materiel Management Committee and approved by the DUSD(L).

C2.3.1.2. The DoD Components shall use the supply support request process to ensure that sufficient stock shall be on-hand to satisfy initial requisitions received from the user and/or customer.

C2.3.1.3. DUSD(L) approval is required for exemptions to integrated materiel management. Exemptions shall be considered for purposes of national security or war conditions.

C2.3.1.4. To achieve integrated management, it may be necessary to reassign the logistics management of a given item from one Component to another.

C2.3.1.4.1. Logistic reassignments of items shall be done on a non-reimbursable basis and all the wholesale assets in support of existing supply levels of the losing manager will transfer to the gaining manager. The losing manager shall continue replenishment actions through the effective transfer date minus 30 days so that the minimum stocks transferred shall satisfy the pipeline requirement.

C2.3.1.4.2. All uncompleted contracts covering assets to be transferred shall be processed by the responsible procurement office of the losing manager.

C2.3.1.4.3. The losing manager shall retain responsibility for engineering support, configuration management, and current technical data in support of the gaining manager for transferred items. The losing manager shall also retain responsibility for any special tooling, special test equipment, and related Government property used to produce a consumable item.

C2.3.2. Procedures

C2.3.2.1. The 1971 Agreement on Supply Management Relationships (Appendix 2) between the Department of Defense and the General Services Administration (GSA) serves as the basic authority for implementation of Integrated Materiel Management.

C2.3.2.2. DoD 4140.26-M (reference(i)) shall establish integrated materiel management assignments by Federal Supply Classification (FSC).

C2.3.2.2.1. The Military Services and the other Agencies shall manage those consumable items, field level reparable items, and minor end items in FSCs that meet the IMC criteria in reference (i).

C2.3.2.2.2. The Military Services shall manage, regardless of FSC, explosive ordnance, major end items of equipment, depot level reparable items, and nuclear ordnance. For a reparable item used by more than one Service, the Services shall select one Service to have the Primary Inventory Control Activity (PICA) for the item while each of the other using Services may have a Secondary Inventory Control Activity (SICA) for the item.

C2.3.2.2.3. The Treaty Compliance & Threat Reduction Agency shall manage those items in assigned FSCs, as defined in reference (i).

C2.3.2.3. Before logistical reassignments are effected, items shall be reviewed for the following:

C2.3.2.3.1. Withdrawal of user interest in the FLIS records of DLIS, under DoD 4140.32-M (reference (dd)).

C2.3.2.3.2. Correct item classification, under DoD 4100.39-M (reference (f)).

C2.3.2.4. All wholesale assets in support of existing supply levels of the losing manager shall transfer to the gaining manager. The losing manager shall continue replenishment actions through effective transfer date minus 30 days so that, in all cases, the minimum stocks transferred shall satisfy the pipeline requirements.

C2.3.2.5. Assets shall be transferred to the distribution depots used by the gaining manager only when necessary or more economical. Wholesale assets held at alternate storage facilities must be visible to the gaining manager.

C2.4. ITEM REDUCTION

C2.4.1. Policy

C2.4.1.1. Item reduction studies shall be conducted to identify nonstandard items.

C2.4.1.2. The Department of Defense shall operate a Defense Inactive Item Program (DIIP) to identify and purge items from the defense supply system that are no longer required.

C2.4.1.3. The Department of Defense shall operate a standard program to record Interchangeable and Substitutable (I&S) items to do the following:

C2.4.1.3.1. Phase out old and less capable items.

C2.4.1.3.2. Improve overall supply support through the identification of I&S items.

C2.4.1.3.3. End duplication in the wholesale management of related items.

C2.4.1.4. Items having I&S relationships shall be grouped into families composed of a master item and one or more related items. The IMM for an I&S master item shall also be assigned integrated management responsibility for the remaining items in the I&S family.

C2.4.1.5. Managing activities shall coordinate with the using Service and/or Agency on all new or revised I&S family structures before the entry of the I&S families in the DLIS Total Item Record except those relationships coordinated through the DoD Standardization Program Item Reduction Study Process.

C2.4.2. Procedures

C2.4.2.1. Detailed procedures for the operation of the item reduction program are in DoD 4120.3-M (reference (ee)).

C2.4.2.2. Detailed procedures for the operation of the I&S program are in the DARCOM-R 700.30/NAVMATINST 4400.25/AFMCR 400.31/MCO 4410.24/DLAR 4140.66 (reference (ff)).

C2.4.2.3. Component DIIP program managers shall identify and select potentially inactive items.

C2.4.2.4. Items shall be referred to a SICA through Inactive Item Review Notifications.

C2.4.2.5. Unrequired items of supply shall be removed from the supply system.

C2.4.2.6. Detailed procedures for the operations of the DIIP program are in DoD 4140.32-M (reference (dd)).

C2.5. PRICE CHALLENGE AND PRICE VERIFICATION PROGRAMS

C2.5.1. Policy. All DoD personnel shall be alert to possible overpricing of materiel. Price challenge and price verification programs shall be established and made available to all DoD personnel, as well as employees of contractors doing work for the Department of Defense. A prompt and adequate assessment shall be made of reported instances of suspected price discrepancies and action taken as necessary to resolve overpricing or overcharging.

C2.5.2. Procedures

C2.5.2.1. Price inquiries include price verification requests and price challenges. Price verification requests involve clear price discrepancies (between a catalog price and a billing price, contract price, or prior catalog price). Inquiries on non-stocked items should be processed as verification requests. Price challenges shall provide specific detailed information indicating potential overpricing meriting an in-depth review.

C2.5.2.2. The reviewing activity should report the results of a review of price verification requests, and the determination of a price challenge whether overpricing occurred, within 30 and 90 days of receipt, respectively.

C2.5.2.3. Price reductions and/or refunds in cases of contractor overpricing shall be pursued aggressively through contractual and/or voluntary remedies.

C2.5.2.4. The process of updating FLIS data to correct the standard price should be initiated within 15 days of a determination of an erroneous price.

C2.5.2.5. Price inquiries for either price challenges or price verification requests shall include, to the maximum extent possible, these information:

C2.5.2.5.1. NSN. (If unavailable or a non-NSN, provide Contractor and Government Entity (CAGE) code and part number.)

C2.5.2.5.2. Approved item name (if unavailable or unknown, provide common nomenclature).

C2.5.2.5.3. Catalog or other unit price questioned.

C2.5.2.5.4. Source of unit price questioned.

C2.5.2.5.5. Requisition number and/or contract number, if available. (Essential for part number inquiries.)

C2.5.2.5.6. Point of contact's name, office symbol or code, address, and telephone number (both Defense Switched Network and commercial).

C2.5.2.6. Besides the information required in section C2.5.2.5, above, submission of a price challenge should include substantial evidence that the item is significantly overpriced such as the following:

C2.5.2.6.1. The challenge should identify NSNs (where non-NSNs, identify nomenclature, the manufacturer (either by CAGE

code or address and telephone number), part numbers, and unit prices) for these cases:

C2.5.2.6.1.1. An I&S item (i.e., same form, fit and function) with a significantly lower price.

C2.5.2.6.1.2. A similar or equivalent item (i.e., comparable size and function) with a significantly lower price.

C2.5.2.6.1.3. An alternate source with significantly lower price.

C2.5.2.6.2. Any disparity between kit price or other end item price and component item prices.

C2.5.2.6.3. Evidence of overpricing in connection with a specific procurement within the last 5 years.

C2.5.2.6.4. The challenger's estimate of what the price should be, along with a justification for the estimate.

C2.5.2.6.5. The end item application or intended item use, if known.

C2.5.2.6.6. If available, a sample of the item (broken or used; etc.); otherwise, a drawing, photograph, or sketch, if possible.

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C3. CHAPTER 3

REQUIREMENTS

C3.1. ITEM CLASSIFICATION AND CODING FOR REQUIREMENTS

C3.1.1. Policy

C3.1.1.1. As stated in paragraphs C1.2.2.1.3 and C2.2.2.1, above, the DoD Components shall initially classify items as "consumable," "field level reparable," or "depot level reparable" secondary items. The DoD Components shall review their SM&R code assignments to ensure that the classification of an item continues to provide the most economical support throughout the life of the item.

C3.1.1.2. Using Military Services shall assign Military Mission Essentiality (MME) codes to secondary items with NSNs. The DoD Components shall allocate management resources and vary the intensity of management for each item based on criticality to the supported end item or mission, which is to be reflected in the assignment of the MME code.

C3.1.1.3. An item new to the DoD supply system shall be coded initially at wholesale and retail levels of supply as stocked (either with readiness-based, demand-based, limited demand, or non-demand-based requirements) or non-stocked. That initial coding may change over time if a different support alternative is selected for an item due to economics or readiness considerations (see section C3.4, below). All secondary items held at retail supply activities shall be identified with Reason for Stockage Category (RSC) codes.

C3.1.2. Procedures

C3.1.2.1. The review of SM&R code assignments should occur for reparable items when their repair costs are greater than 65 percent of their replacement prices and for consumable items when they have a high annual demand value and experience significant field repair.

C3.1.2.2. The Military Services shall make MME code assignments, in accordance with Appendix 3. The DoD inventory manager shall record the MME code in the Federal catalog system.

C3.1.2.2.1. The DoD Components may establish tailored categories of essentiality codes. However, such codes shall be consistent with the MME matrix in Appendix 3. For inter-Component data exchange of essentiality information, the MME coding structure found in Appendix 3 shall be used.

C3.1.2.2.2. The using DoD Component shall include the current MME code on supply support requests to other DoD Components.

C3.1.2.3. The Military Services shall maintain application files with the applicable secondary item, assembly and/or component, and weapon system and/or end item essentiality codes. If a secondary item has multiple applications, it normally shall be assigned the highest applicable essentiality code.

C3.1.2.3.1. The DoD Components shall review and validate the assignment of essentiality codes periodically to ensure that they reflect the current status of the items.

C3.1.2.3.2. The using DoD Component shall provide application data to DoD IMMs in a timely fashion or update codes previous provided when criterion change or when items or weapon systems become obsolete. Rejected transactions transmitting application data shall be researched, corrected, and resubmitted on a timely basis.

C3.1.2.3.3. The DoD Components shall perform an annual reconciliation between the Service weapon system application file and the DLA Weapon System Supply Support Program database.

C3.1.2.4. The DoD Components shall make RSC code assignments, in accordance with Appendix 4.

C3.2. SUPPORT GOALS

C3.2.1. Policy. Support goals shall be established to ensure the DoD supply system maximizes the use of available resources to meet weapon system and personnel readiness goals at least cost.

C3.2.1.1. The objective in establishing support goals is to provide logistics managers with quantitative targets that they may use to improve the allocation and contribution of limited inventories and limited procurement, repair, and distribution resources to better weapon systems and personnel readiness capabilities.

C3.2.1.2. For secondary items that are essential to weapon system performance, the support goals shall relate to the readiness of the weapon system. Setting target support goals is the prerogative of the individual Services. Target support goals should be consistent with both peacetime and wartime needs.

C3.2.1.3. For secondary items that are not essential to weapons system performance, the support goals shall relate to supply effectiveness in meeting customer requirements. The DoD Components shall establish retail level supply performance goals. At a minimum, average logistics response time shall be measured.

C3.2.2. Procedures

C3.2.2.1. To permit cost tradeoffs, the DoD Components should establish support goals that apply to item populations (i.e., commodity or weapon system populations) and not to individual items. Components may have individual item goals when they are required to meet specific customer requirements or when they are generated by a process that considers cost tradeoffs in meeting a population readiness or supply effectiveness goal.

C3.2.2.2. Readiness goals shall be set to support specific weapon system availability targets. The DoD Components should set weapons system readiness goals in conjunction with weapons system managers and/or operational commands.

C3.2.2.3. When setting supply effectiveness goals, the DoD Components shall consider timeliness and conformance with customer mission requirements.

C3.2.2.4. To control and minimize wholesale and retail stockage, the DoD Components shall have these additional goals:

C3.2.2.4.1. Quantitative goals to reduce each of the levels which together comprise a demand-based requirement.

C3.2.2.4.2. Quantitative goals to reduce non-demand based stockage at all levels of supply.

C3.3. FORECASTING CUSTOMER DEMAND

C3.3.1. Policy

C3.3.1.1. Customer demand shall be part of all Component inventory management decisions. The DoD Components shall not stock an item that does not have any possibility of future demand.

C3.3.1.2. Except when the possibility of demand is based solely on the potentiality of a catastrophic event, the DoD Components shall use quantitative models to forecast future demand. In deciding what forecasting models to use, the DoD Components should consider data patterns, the forecast horizon, the application of the forecast, the resources required to make a forecast, and the accuracy of the forecast.

C3.3.1.2.1. Since no universal model exists for forecasting demand for all items, the DoD Components may choose to use multiple models for the same application or different models for different applications.

C3.3.1.2.2. When using models that rely on historical data, the DoD Components shall identify and exclude atypical data that might unduly influence the forecast.

C3.3.1.3. As delineated in paragraph C1.2.2.6.1., above, engineering estimates may be used to forecast future demand at the beginning of the demand development period. At the completion of the demand development period, actual net demand data, augmented with program data, normally shall be used to forecast future demand. However, the use of engineering estimates is permitted when, as follows:

C3.3.1.3.1. An item has insufficient representative operating time to adjust the forecast by using a valid statistical technique.

C3.3.1.3.2. An engineering problem or forthcoming design change has resulted in past demands not being indicative of future demands.

C3.3.2. Procedures

C3.3.2.1. To forecast the demand expected to be placed on the supply system within a specified period of time, the DoD Components may use models that consider only historical demand, models that combine future program data with historical demand or failure data and past program data to generate forecasts. To allow for continuing application of a model and the possibility of transition from one model to another, the DoD Components shall retain sufficient historical demand or failure data and, if applicable, program data.

C3.3.2.1.1. Historical failure data consists of maintenance replacement data or supply requisition data. Demand data, including reparable generations and maintenance replacements, shall be recorded in a timely manner on the supply records of the intermediate level supply point.

C3.3.2.1.2. Past program data consists of actual quantitative measures of operation, such as the actual number of hours flown or operated, the weapon system or end item density, or the number of overhauls or scheduled depot maintenance actions accomplished. Estimates may be used if actual data are not available.

C3.3.2.2. Except for atypical occurrences and selected foreign military sales (FMS), all demand identified by customers as recurring shall be used to build forecasts used to compute item requirements levels. The IMM shall use data filtering techniques to identify and exclude atypical data. FMS that are not under Cooperative Logistics Supply Support Arrangements (CLSSA) shall be excluded. Demand identified by customers as non-recurring shall be included to the extent that the IMM is able to demonstrate that a particular quantity of non-recurring demands will improve its demand forecasts.

C3.3.2.3. Each DoD Component shall provide for the capability within its management information systems to rapidly

revise demand forecasts affected by the introduction or phase-out of weapon systems or equipment, as well as erroneous, incomplete, or inapplicable data.

C3.3.2.4. Special Program Requirements (SPRs)

C3.3.2.4.1. The using DoD Components may submit SPRs to the IMM to forecast special program or project requirements that are non-repetitive in nature and cannot be forecasted based on demand data and that are exclusive of subsistence, war reserve, provisioning, and other requirements based on recurring demand. Standard processing and accounting methods prescribed by DoD 4000.25-2-M (reference (p)) shall be employed in the SPR process.

C3.3.2.4.2. The using DoD Components shall establish internal controls and maintain supporting documentation to ensure the appropriateness and accuracy of SPR submissions, correlate requisitions with related SPRs, and ensure timely and accurate reporting of significant changes.

C3.3.2.4.3. The DoD Components receiving SPRs shall establish internal controls to ensure that investment in inventory to support SPRs is kept to a minimum.

C3.4. SUPPORT ALTERNATIVES

C3.4.1. Selection of a Support Alternative

C3.4.1.1. Policy. Timely, accurate, and complete satisfaction of customer requirements along with anticipated costs shall be the primary factors in determining selection of support alternatives. Long-term stockage of materiel inventories in DoD distribution and other storage facilities is a costly alternative for providing customer support, particularly when other approaches exist. Therefore, such stockage should be the least preferred approach to satisfying customer requirements.

C3.4.1.2. Procedures. The DoD Components shall balance support goals and total materiel management costs in determining the best support alternatives for meeting customer requirements.

C3.4.1.2.1. The analysis required to effect that balancing of needs to resources is a continuous process which may be accomplished on an item-by-item basis or for logical commodity groupings or for specific end item applications.

C3.4.1.2.2. The scope of the analysis must extend from the point of materiel production through all echelons of stockage to the delivery of materiel to the ultimate customer and concurrently must comprehend all significant, applicable performance objective and cost trade-offs. That represents a "best-value" approach to materiel stockage.

C3.4.2. Support Alternatives Other Than DoD Stockage

C3.4.2.1 Policy

C3.4.2.1.1. All alternatives for obtaining materiel support directly from commercial sources, consistent with weapon system readiness goals, shall be used wherever practical to minimize inventory stockage requirements and achieve cost-effective distribution of materiel. Commercial alternatives include satisfying demands by placing orders with vendors for direct shipment to customers, use of commercial distribution systems, GSA Federal Supply Schedules, and new or existing contractor logistics support arrangements.

C3.4.2.1.2. Logistics management activities should reduce or eliminate Government facilities or capabilities that duplicate commercially available resources.

C3.4.2.2. Procedures

C3.4.2.2.1. Each DoD Component shall implement procedures applicable to both new and currently managed items to institutionalize the process of evaluating and selecting support alternatives. The same performance goals should apply in the evaluation of all alternatives. At a minimum, the procedures shall include these considerations:

C3.4.2.2.1.1. Probability of Future Requirements. The review should validate the potential for a future need for support prior to adoption of any support alternative.

C3.4.2.2.1.2. Availability of Commercial Support. Market research and surveys should be conducted to determine market availability, present of in-place commercial distribution systems, and vendor interest in providing direct support.

C3.4.2.2.1.2.1. Specific consideration shall be given to items with high potential benefits from use of commercial stockage alternatives such as: consumable items that are commercial in nature, bulky fast moving, hazardous, fragile, and/or have a short shelf-life and commercial products substitutable for MILSPEC products so that commercial suppliers may be used.

C3.4.2.2.1.2.2. Even though current requirements are met by Military Specification items, commercial item alternatives should be used where such alternatives meet user requirements.

C3.4.2.2.1.3. Indefinite Delivery and Indefinite Quantity (IDIQ) Contracts. Use of IDIQ type and related contracts should be employed when such vehicles may effectively meet customer needs on an "as-required" basis, reduce the impact of demand fluctuations and may minimize the requirement to bring inventory into Government storage facilities.

C3.4.2.2.1.3.1. "Family buy" approaches should be used wherever possible to increase the attractiveness of indefinite delivery solicitations to prospective bidders. Additionally, by effectively grouping individual acquisitions under longer-term contract vehicles, best use may be made of national purchasing power.

C3.4.2.2.1.3.2. Delivery time frames should be an explicit element of negotiations for indefinite delivery contracts, with timely response to user requirements being considered along with cost-effectiveness as primary factors in award.

C3.4.2.2.1.3.3. Administrative and other lead time costs should be specifically considered prior to initiating new acquisition of support items where requirements may be met through existing contracting vehicles.

C3.4.2.2.1.4. On-Demand Manufacturing Sources. On-demand manufacturing, both organic and contract, and the application of flexible manufacturing technology should be used as sources of materiel support in preference to materiel stockage if they may satisfy support goals in a cost effective manner.

C3.4.2.2.1.5. Local Purchase. At the retail level, selection of local purchase of materiel and supplies as a support alternative should be considered if such a determination may be demonstrated to be cost-effective for specific items or logical groupings of items.

C3.4.2.2.1.5.1. The DoD Components shall maximize use of established supply sources such as the Department of Defense, the GSA or the other IMMs; then consider use of local purchase authority.

C3.4.2.2.1.5.2. Contract negotiation and administration costs associated with local purchase should be considered in determining whether the use of local purchase authority is more cost-effective than utilization of established supply sources.

C3.4.2.2.1.5.3. Purchasing vehicles such as Government credit cards, GSA schedules, and in-place contracts should be used to help minimize local purchase administrative costs.

C3.4.2.2.2. Current replenishment requirements must be adjusted in a timely fashion to allow for the decreased stockage requirements resulting from selection of support alternatives other than DoD stockage.

C3.4.2.2.3. Each Component shall review the validity of decisions regarding the selection of support alternatives other than DoD stockage. Such reviews may be initiated based on input

of information from operational customers, from industry surveys, or other sources. The objective of such reviews is to ensure continued support of customer needs and cost-effective use of scarce resources. Reviews may be conducted on an individual item or item grouping basis.

C3.4.3. DoD Stockage of Inventories

C3.4.3.1. Policy

C3.4.3.1.1. The DoD Components may stock items at wholesale and retail levels of supply when commercial or other support alternatives are not cost-effective or do not meet mission requirements.

C3.4.3.1.2. Items reviewed for potential DoD stockage shall be categorized as "stocked" or "non-stocked."

C3.4.3.1.3. Requirements levels for stocked items shall be developed using readiness-based, demand-based, limited-demand, or non-demand-based computational methodologies. Requirements determination shall be consistent with the reason for stockage.

C3.4.3.1.3.1. Readiness-based computational methodology is preferred for stocked items that are essential to weapons systems support and have sufficient forecasted future requirements to warrant economic stockage.

C3.4.3.1.3.2. Unless stocked items use readiness-based requirements methodology, such items having sufficient forecasted recurring requirements to warrant economic stockage shall use demand-based computational methodology.

C3.4.3.1.3.3. Essential, non-weapon system items with low demand that do not justify being stocked based on economics and may not be supported through alternatives other than DoD stockage, may be stocked as "limited demand items." The Component requirements computational methodologies shall provide minimum stockage for those items.

C3.4.3.1.3.4. Items stocked to fill nonrecurring demands, including insurance requirements, planned program requirements, and life-of-type requirements shall use a non-demand-based requirements development methodology.

C3.4.3.1.3.5. Items that do not have sufficient future requirements to warrant economic stockage and are categorized as "non-essential" shall be non-stocked.

C3.4.3.1.4. Retail Stockage. The following policies shall govern the stockage of items at the retail level throughout the Department of Defense, regardless of the funding source for the inventory.

C3.4.3.1.4.1. Secondary item stockage for retail levels, which are categorized as either intermediate or consumer level, shall provide optimum stockage for each materiel item or grouping of items by incorporating a balance among specified performance goals and economy. Performance goals should include full consideration for military essentiality.

C3.4.3.1.4.2. At the intermediate level of retail inventory, stockage computations shall employ actual demand experience in the development of operating levels. Additionally, variability of demand and order and shipping time (OST) shall be considered in the development of safety levels and OST levels to minimize total variable cost for any given investment, weapon system performance objective or customer wait time objective.

C3.4.3.1.4.3. Stockage of items at the consumer level of supply on any basis other than demand shall be minimized. Operational considerations may require limited stockage of non-demand based items at consumer levels. The justification for such stockage must be developed and maintained for review at the location of the consumer activity responsible for managing such inventory. When stockage of non-demand-supported items is required at the consumer level, supporting stockage at the intermediate level for the same item shall normally be computed on a demand basis.

C3.4.3.1.4.4. An exception to the non-demand-supported item policy in subparagraph C3.4.3.1.4.3, above, is authorized for initial provisioning requirements items. If the forecasted (as opposed to actual) demand rate for a provisioned item would qualify the item for stockage, then the item inventory may be positioned at both the intermediate and consumer levels during the demand development period. Those initial provisioning items that do not qualify for stockage based on forecasted demand may be positioned at either the intermediate or consumer level as non-demand-supported during the demand development period.

C3.4.3.1.4.5. Requirements determinations for a retail level of inventory shall be accomplished in accordance with the stockage policy for that level, even though stockage decisions or computations may be accomplished by a program manager, an Inventory Control Point (ICP), or an activity other than that at which the stocks shall be held.

C3.4.3.1.4.6. At retail level stock points, subsidiary inventories in self-service type activities, shop stores, or similar activities shall be limited to an operating level that is based on demands at that subsidiary point. Backup stocks may be maintained at a central location in support of those inventories.

C3.4.3.2. Procedures

C3.4.3.2.1. For an item that is not commercially supported, the DoD Components shall use economic and essentiality

criteria to determine if the item should be stocked and what type of stockage computational methodology is applicable. Additionally, these factors may impact the decision to stock inventories at DoD activities:

C3.4.3.2.1.1. Items critical to safe operation of weapons or equipment;

C3.4.3.2.1.2. Items requiring special security controls;

C3.4.3.2.1.3. Dangerous materiels such as explosives, munitions, chemicals or biological agents; or

C3.4.3.2.1.4. Nuclear materiels.

C3.4.3.2.2. The DoD Components shall periodically review the validity and currency of materiel stockage decisions.

C3.4.3.2.2.1. Generally, reviews should be conducted on an item-by-item basis. However, in the case of homogeneous groupings, analysis results may be applied to item groupings.

C3.4.3.2.2.2. The timing of reviews should be as follows:

C3.4.3.2.2.2.1. The stockage classification of all demand-based and limited demand items shall be reviewed at least annually.

C3.4.3.2.2.2.1.1. Demand-based items failing to meet the economic criteria for demand-based stockage shall be reclassified as either limited demand requirements based on military mission essentiality, non-demand-based insurance requirements, or as non-stocked.

C3.4.3.2.2.2.1.2. Limited demand items that meet the economic criteria for demand-based stockage may be reclassified accordingly. Limited demand items that do not experience recurring demands but, continue to be essential should be reclassified as "non-demand-based insurance items."

C3.4.3.2.2.2.2. Insurance item requirements shall be reviewed prior to initiation of stock replenishment.

C3.4.3.2.2.2.3. Planned program requirements shall be reviewed at the scheduled completion of the supported program, but not less often than annually. Planned program requirements shall be reduced to zero at program completion.

C3.4.3.2.2.2.4. Life-of-type purchase requirements and related inventory stockage shall be reviewed annually.

C3.4.3.2.2.2.5. Non-stocked items with demands shall be reviewed at least annually. Non-stocked items without demands shall be reviewed, in accordance with DIIP procedures.

C3.4.3.2.2.3. In determining cost-effectiveness of stockage alternatives, the DoD Components shall include all applicable elements of cost and cost savings (inventory holding costs, and second destination transportation; etc.) In determining responsiveness, include timeliness and conformance with mission requirements.

C3.4.3.2.2.3.1. Calculations of savings obtained through reductions in inventory stockage as a support alternative must take into account any additive costs (e.g., increased item price, and higher administrative costs; etc.) before utilizing commercial distribution systems or other selected support alternatives.

C3.4.3.2.2.3.2. Specific costs attributable to the storage or shipment of items in inventory(e.g., breakage, shelf-life expiration, hazardous materiel storage facilities, and disposal) should be considered in determining cost-effectiveness of DoD stockage of inventory.

C3.4.3.2.3. Retention in inventory of commercially available items for reasons other than cost-effectiveness should be limited to minimum stockage necessary for readiness (i.e., war reserve requirements).

C3.5. MATERIEL STOCKAGE COMPUTATIONS

C3.5.1. Computational Methodologies

C3.5.1.1. Policy

C3.5.1.1.1. The DoD Components shall categorize stockage requirements and associated levels of inventory as either wholesale or retail. Wholesale assets, regardless of where positioned, shall be managed under wholesale inventory policies.

C3.5.1.1.2. To compute wholesale and retail stockage requirements for secondary items, the DoD Components shall use readiness-based, demand-based, limited demand, and non-demand-based methodologies (see subsection C6.8.4., below, for guidance on the requirements computations of ammunition items). The specific methodology used to compute stockage requirements for a secondary item shall be based on the type of item, reparable or consumable; the support goal, weapon system readiness or supply effectiveness; and expected customer demand for the item.

C3.5.1.1.3. The DoD Components shall use the methodologies and mathematical models prescribed in subsections C3.5.2 through C3.5.6, below, to compute requirements for stocking and replenishing secondary items after the demand

development period (see section C1.2, above, for initial stockage policies and procedures). Those methodologies and models shall be compatible with those developed to achieve optimum stockage before completing the demand development period. They should share similar target objective functions, data elements, and computational techniques.

C3.5.1.1.4. To support weapon system readiness goals, a multi-echelon approach should be used, when possible, to optimize stockage and costs for both the wholesale and retail echelons.

C3.5.1.1.5. Stockage quantities shall be projected to satisfy National and international (CLSSA) item requirements.

C3.5.1.2. Procedures

C3.5.1.2.1. For secondary items that have readiness support goals, the DoD Components shall compute requirements with mathematical RBS models that relate range and depth of stock to their effect on the operational availability of the weapon system. Those models should be capable of optimizing support to achieve weapon system readiness goals for the least cost or maximizing weapon system readiness for a specified level of funding.

C3.5.1.2.2. For secondary items that have supply effectiveness goals, the DoD Components shall compute requirements using mathematical models that relate range and depth of stock to a target logistics response time. These models should be capable of optimizing stockage to achieve the response time target at the least cost and minimizing logistics response time for a specified budget.

C3.5.1.2.3. For depot level reparable items, these additional procedures apply:

C3.5.1.2.3.1. DoD ICPs shall compute the total requirements for each reparable item assigned so that an item may be as follows:

C3.5.1.2.3.1.1. Supplied to authorized using activities at the organizational level (e.g., post, base, field, or ship) if failure of a reparable component prevents an end item or weapon system from achieving its mission.

C3.5.1.2.3.1.2. Provided to replace a reparable item that has been determined to be beyond economical repair during the depot repair process (see DoD 7000.14-R, Chapter 2 of Volume 11A (reference (gg)), or that may not be repaired within the same length of time as its next higher assembly.

C3.5.1.2.3.2. Item requirements and assets shall be projected over a sufficient time period so that an order is placed for the item sufficiently in advance of the actual need to

provide for the requisite lead time. For reparable item requirements, both serviceable and unserviceable asset quantities shall be projected by month or by quarter so that repair requirements as well as procurement requirements may be projected in the same computation. Serviceable returns shall be considered in requirements computations from both the asset and requirements perspectives. (See Appendix 5.)

C3.5.1.2.3.3. Assets that are serviceable and those in need of repair at all levels of supply shall be made available to the supply system to satisfy requirements at both the wholesale and retail levels. Assets available at the retail level (consumer and intermediate) shall be used to offset requirements at that level; additional assets available at that level shall be used to offset wholesale level requirements.

C3.5.1.2.3.4. To facilitate total system asset management of depot level reparable items, intermediate level supply management system procedures (except afloat) shall include the capability to accomplish transaction item reporting on at least a daily summary basis to the applicable IMM on supply transactions affecting the demand base or stock status of materiel. For items with daily summary transaction reporting, the IMM may, on a timely basis, use actual consumer demands to make requirements computations, procurement decisions, and stock positioning decisions.

C3.5.1.2.3.4.1. That requirement applies to Component-owned inventory at contractor-operated intermediate level activities as well as inventory within the Component supply management systems.

C3.5.1.2.3.4.2. Item accounting (as opposed to dollar value inventory accounting) shall be maintained at the intermediate level for all items on which the IMM has determined that daily summary transaction item reporting is required. The DoD Components may assign that requirement to selected consumer level inventories.

C3.5.1.2.3.4.3. Item accounting shall be maintained for all reparable assets held at the intermediate level. Items may be placed in rotatable pools or simply positioned near expected consumers, if line-item accounting is accomplished at the intermediate level.

C3.5.2. Readiness-Based Requirements Computations

C3.5.2.1. Policy

C3.5.2.1.1. Wholesale Requirements. Weapon essential items that are managed on the basis of multi-echelon RBS models are authorized a stockage objective quantity, as determined by the models. Where multi-echelon RBS models are not yet available, wholesale stockage of weapon essential items shall be

based either on demand-based requirements that have their response time goals driven by weapon system availability targets, or on limited demand or non-demand-based requirements.

C3.5.2.1.2. Retail Requirements. Weapon essential items that are managed on the basis of single-echelon or multi-echelon RBS models are authorized a stockage objective quantity, as determined by the models. Where RBS models are not yet available, retail stockage of weapon essential items shall be based on demand-based requirements that have their support goals driven by weapon system readiness or on non-demand-based requirements.

C3.5.2.2. Procedures

C3.5.2.2.1. To support RBS computations, an application file shall be established to record all items in a weapon system, including indenture structure. All reparable components shall be included in that application structure. Items peculiar to one weapon system and items common to more than one weapon system shall be included in the application file.

C3.5.2.2.2. RBS optimization logic shall be used to compute the total requirements for the items essential to a weapon system.

C3.5.2.2.2.1. RBS levels shall be set by item or by group of items with similar characteristics. A single calculation for items common to more than one weapon system shall be made based on the demand for that item by weapon system.

C3.5.2.2.2.2. The RBS model shall be capable of computing optimal item stock levels in a dynamic environment. Where possible, item requirements shall be computed to account for dynamic conditions when variables like rapidly changing sortie rates, operating programs, maintenance capabilities, or transportation resources may impact the operating unit's materiel requirements and resultant readiness.

C3.5.2.2.2.3. An item's minimum stock level may be equal to its pipeline quantity. When funds are insufficient to get the desired support objectives, the model must be capable of overriding the minimum constraint to attain the objective of the optimum mix of stock to maximize weapon system availability for the available funds.

C3.5.2.2.2.4. The RBS model must produce a list of item requirements to be satisfied initially by the application of serviceable assets, unserviceable reparable assets, and applicable due-in assets. The repair requirement is that portion of the total requirement that is satisfied by repair of unserviceable reparable assets. The replenishment requirement is the deficit remaining after the supply of available assets is exhausted.

C3.5.2.2.3. Where data availability and model capabilities permit, RBS models should be able to compute combined requirements for a range of weapon systems to minimize the total inventories supporting those weapon systems at individual locations. The RBS models shall have the capability to compute those requirements to availability goals that differ by weapon system so that the goals of weapons systems with higher priority missions may be targeted at levels higher than those with lower priority missions.

C3.5.2.2.4. Where data availability and model capabilities permit, RBS models shall directly compute both the range and depth for all echelons of supply. That multi-echelon capability should do the following:

C3.5.2.2.4.1. Account for the hierarchical structure of supply and/or maintenance activities from the customer or consumer level, through the intermediate level, to the depot or wholesale level.

C3.5.2.2.4.2. Trade off the wholesale level of supply with the retail level by modeling the impact of the requisition response time on the retail response time to customer demand.

C3.5.2.2.4.3. Cover demand-related pipeline and safety-level requirements and, to avoid unnecessary procurement or repair actions, apply the same constraints as demand-based wholesale safety levels (see subparagraph C3.5.3.2.6, below) to the safety level portion of an item's wholesale stock level.

C3.5.2.2.5. Where data availability and model capabilities permit, RBS models shall have a multi-indenture capability that does the following:

C3.5.2.2.5.1. To the extent practical, links each item to its next higher assembly in the weapon system application by modeling the impact of a lower-level assembly (an item whose next higher assembly is another item or subassembly) on the availability of its next higher level assembly or assemblies.

C3.5.2.2.5.2. Uses an item indenture structure to trade off between items at the first level of indenture (i.e., items whose next higher assembly is the weapon system) and items at lower levels of indenture needed to repair those items. In that way, the impact of each item on each level of indenture, and ultimately on the weapon system itself, is portrayed; and the requirement for the highest level assembly shall not be based on the assumption that 100 percent of its lower level assemblies are available. Models for non-demand-based items may be excluded from the indenture structure requirement.

C3.5.2.2.5.3. Interfaces with the field-level reparable or consumable item computation so that a link may be

established to consider the impact of the availability of those items on their next higher assemblies and ultimately on the availability of the weapon system, and their procurement or repair requirements may be computed using that link.

C3.5.2.2.6. Where data availability and model capabilities do not provide for direct computation of range and depth for all echelons, a single echelon RBS model that uses expected wholesale resupply times shall determine retail stock levels required to support weapon system availability goals.

C3.5.2.2.6.1. The process that sets wholesale support objectives and later expected resupply times should consider the impact those times have on retail stock levels.

C3.5.2.2.6.2. When funds are insufficient to attain desired wholesale support objectives, the expected resupply time must be extended. The wholesale echelon must be capable of passing the expected change in the resupply time to the retail level so that weapon system availability may be assessed.

C3.5.2.2.7. For items that are used by one DoD Component, but are managed by another, these procedures apply:

C3.5.2.2.7.1. The using Service shall provide the managing Component with demand forecast data for the item and the maximum requisition response time objective for the item by weapon system. The using Service shall also provide the managing Component with the non-weapon system demand forecast and the number of retail assets above the retail requisitioning objective by item.

C3.5.2.2.7.2. Using the data from the using Service, the managing Component shall compute the items' buy or repair requirements with the goal of attaining the users' weapon system availability objectives within the maximum requisition response times. The managing Component shall advise the using Service of the achievable requisition response time for each item.

C3.5.2.2.7.3. The using Service shall determine the impact of the achievable requisition response times on cost and weapon system availability.

C3.5.2.2.8. The DoD Components shall track actual weapon system performance to determine the impact of budget and funding decisions on actual operational availability and to calibrate their models' predicted support statistics with actual data.

C3.5.2.2.9. RBS models should be capable of doing readiness assessments as well as requirements computations. The models shall be capable of measuring the effects of various levels of investment in spare parts on end item readiness. To do those assessment functions, the models shall be capable of measuring the effects of proposed budget adjustments. They shall

also be able to assess end-item readiness on the basis of various levels of stockage; e.g., assessing the capability derived from assets currently on-hand, or assets planned to be repaired or procured. Also, the models shall be able to differentiate between items that are essential to a weapon system and those that are not and to differentiate among degrees of essentiality. Models used for assessment purposes may be different models from those used for requirements determination for purposes of expediency or ease of processing. The algorithms must be similar in terms of the logic and objectives used and must produce comparable results.

C3.5.3. Wholesale Demand-Based Requirements Computations

C3.5.3.1. Policy

C3.5.3.1.1. Requirements Objective. The requirements objective for a demand-based item establishes the target quantity for replenishing the item's level of stock through procurement.

C3.5.3.1.2. Economic Order Quantity (EOQ). The objective of using EOQ methods to set target order quantities is to minimize the total cost of ordering and holding inventories. When EOQ methods are used, every attempt shall be made to purchase materiel under IDIQ contracts, so the order quantity and delivery times are reduced.

C3.5.3.1.3. Reorder Point. The objective of a reorder point is to identify when an order should be placed to replenish stock for an item. It should consider the item's acquisition lead time quantity, safety level, repair cycle level if applicable, and any applicable non-demand-based levels. Demand-based items may be procured when the assets on-hand and on-order are equal to or less than the reorder point.

C3.5.3.1.4. Acquisition Lead Time Quantity. The objective of a acquisition lead time quantity is to satisfy demand throughout the acquisition lead time.

C3.5.3.1.4.1. Acquisition lead time is a forecast of the likely future interval between identification of a requirement and receipt of materiel. Acquisition lead time consists of two consecutive time periods: administrative lead time (ALT) and production lead time (PLT).

C3.5.3.1.4.2. The DoD Components shall aggressively pursue the lowest possible acquisition lead times.

C3.5.3.1.5. Levels for Reparable Items. Repair shall be the preferred source of supply for reparable items. These requirements computations support the repair process:

C3.5.3.1.5.1. Repair Turn-Around Time Level. A repair turn-around time level shall be computed to determine the minimum

number of serviceable assets needed to support demand when unserviceable assets are inducted into the repair process.

C3.5.3.1.5.2. Repair Point. A repair point shall be set to determine when unserviceable assets for an item should be inducted into depot-level maintenance. At a minimum, the repair point should encompass the repair turnaround time level.

C3.5.3.1.5.3. Economic Repair Quantity. Unless another quantity is specifically justified on a line-item basis, economic repair quantity shall be used in production planning to determine total quantities of unserviceable assets that are to be inducted into depot-level maintenance. Economic repair quantities shall be based principally on inventory requirements, not maintenance workload requirements.

C3.5.3.1.5.4. Induction Quantity. The quantity on a repair order shall be set at a level that provides for a sufficient flow of serviceable assets to meet demand while, at the same time, providing for the flexibility to respond to variable requirements, priorities, and shorter required dates.

C3.5.3.1.6. Safety Level. Due to fluctuations in demand over lead times, repair cycle times, attrition rates, and in other variables, safety level quantities may be stocked as a buffer against backorders. Safety levels shall be decreased as fluctuations in those variables decrease.

C3.5.3.1.7. Repair Cycle Level. A repair cycle level shall be computed to replace assets that are found unserviceable during depot-level maintenance.

C3.5.3.2. Procedures

C3.5.3.2.1. Requirements Objective Computation. The requirements objective for items with demand-based requirements shall be the sum of the EOQ and reorder point.

C3.5.3.2.2. EOQ Computations. The standard Wilson EOQ formula, or variations of it (e.g., a quantity discount model), shall be used to compute target order quantities.

C3.5.3.2.2.1. Order costs and holding cost rates shall be validated annually and updated as significant changes occur. Guidance on estimating the cost-to-order and cost-to-hold are included in Appendix 6.

C3.5.3.2.2.2. EOQs shall be limited to a maximum of 24 months and, at the wholesale level, a minimum of the lesser of the administrative lead time or 1 month. The EOQ minimum may be reduced if a lesser quantity may be ordered economically. The EOQ maximum may be overridden if the head of the procuring activity certifies in writing that the acquisition is necessary to achieve an economical order quantity and is not forecasted to

result in an on-hand inventory in excess of 3 years of operating stocks and that the need for the item is unlikely to decline during the period for which the acquisition is made, or that the acquisition is necessary for purposes of maintaining the industrial base or for other reasons of national security. EOQ quantities for items associated with an end item that is being phased out or with a trend of declining demand shall be adjusted downward accordingly.

C3.5.3.2.2.3. Only the demand to be satisfied through procurement shall be used to compute EOQs for reparable items. That excludes demand to be satisfied through repair.

C3.5.3.2.2.4. Quantity price discount ranges shall be routinely requested in solicitations and considered in EOQ computations.

C3.5.3.2.2.5. Computed EOQ shall be overridden as a target order quantity only when specific documented analysis supports an alternative quantity as more cost effective. Use of an order quantity floor other than that prescribed in DoD policy is prohibited.

C3.5.3.2.2.6. Analytical and audit support tools shall be developed to aid in considering quantity and/or price and lead time data with other relevant data so that contract award decisions are based on the best value to the Government.

C3.5.3.2.2.7. The use of tailored and multiple-year purchasing methods (such as IDIQ contracts) is encouraged to get quantity discounts, reduce investment in inventory, reduce ordering time, and adjust to changing demand and asset data.

C3.5.3.2.3. Reorder Point Computation. An item's reorder point shall be the sum of its acquisition lead-time quantity; variable safety level; and repair cycle quantity, if applicable. Non-demand-based requirements; e.g., war reserve or planned program requirements, if applicable, are additive.

C3.5.3.2.4. Acquisition Lead-Time Quantity. The acquisition lead-time quantity shall equal the expected demand over a acquisition lead time, where acquisition lead time is the sum of ALT and PLT.

C3.5.3.2.4.1. For reparable items, the expected demand that goes into the lead-time quantity computation should be based on attrition and/or condemnation rates and rates for new future demand and shall exclude demand satisfied by the repair pipeline. Activities authorized to condemn reparable items shall be determined, in accordance with AR 700-82/OPNAVINST 4410.2/AFR66-45/ MCO 4400.120/DLAR 4100.6 (reference (e)). IMMs shall project the quantity of assets that are expected to be condemned over the applicable forecast period.

C3.5.3.2.4.2. These procedures for computing ALT apply:

C3.5.3.2.4.2.1. ALT begins when an item's wholesale asset level is reduced to the reorder point, or the time at which a purchase request must be initiated to ensure that, at least in theory, the new stock arrives just as the assets on hand reach the safety level.

C3.5.3.2.4.2.2. ALT ends on the date the contractual instrument is executed.

C3.5.3.2.4.2.3. ALT includes the time periods required for identification of the requirement to buy; review, approval, and documentation of the purchase request; technical data review and documentation; as well as the processing and execution of the contractual instrument.

C3.5.3.2.4.3. These procedures for computing PLT apply:

C3.5.3.2.4.3.1. PLT begins on the date that the contractual instrument is executed.

C3.5.3.2.4.3.2. PLT ends when the material is received. The receiving activity should confirm receipt of delivery to the managing IMM in a timely manner. When all materiel is delivered at the same time, the date of confirmation of receipt of that delivery is the end of PLT. When contractual provisions provide for incremental deliveries based on projected demands or other future requirements, the date of confirmation of the first significant delivery (about 10 percent of the routine contract requirement) is the end of PLT.

C3.5.3.2.4.3.3. PLT may be based on estimates from contractors; historical information that has been collected for representative procurements; provisioning technical documentation; or estimates based on the best judgment of acquisition personnel.

C3.5.3.2.4.4. The DoD Components shall maintain a historical file of ALTs and PLTs for all secondary item procurements. Historical observations that are non-representative of future performance should be excluded. Exclusion may be based on the inventory manager's knowledge, experience, and judgment or may result from an automated decision process.

C3.5.3.2.4.5. Methods of calculating realistic minimum and maximum ALT and PLT requirements shall be provided to ensure that inventory management personnel have a means of identifying unusually long or short lead times. The inventory manager shall decide how to use of the data derived through such methods.

C3.5.3.2.4.6. Innovative methods of pursuing minimum acquisition lead times should be employed. Particular emphasis should be given to the adoption, where applicable, of lead-time reduction methods, which have proven successful in the private sector. Such methods include, but are not limited to, multi-year contracting, "just-in-time" procedures, indefinite quantity requirements contracts, phased deliveries, and gradual reduction of vendor required delivery dates.

C3.5.3.2.5. Repair-Cycle Level. The repair-cycle level for reparable items shall equal the expected demand over a repair-cycle time.

C3.5.3.2.5.1. Depot level repair cycles begin when an organizational and/or intermediate maintenance activity determines that an unserviceable item is beyond its repair capability and end when the unserviceable item is restored to serviceable condition and is recorded as such on supply records. All time between the beginning and end of the repair cycle shall be included in computing repair-cycle requirements, except avoidable time, such as time expended due to the lack of a repair requirement or inefficiency. Beginning and ending points of each segment of the total repair cycle are described in Appendix 7. Increases to the repair cycle due to time spent awaiting parts shall not be included in repair-cycle computations.

C3.5.3.2.5.2. The repair-cycle times used to compute requirements shall be based on approved item standards for the maintenance turn-around segment (e.g., an industrial engineering standard) and Service specified standards for the other segments. For items repaired under contract the negotiated contract delivery requirements may be used as standards. Actual repair cycle times shall be used to compare against the standards. Management attention should be applied to either improve the repair cycle process or correct the standards when actual repair times significantly deviate from the standards.

C3.5.3.2.6. Safety Level Computation. The objective of the safety level computation is to find the level of buffer stock that will minimize the total variable cost of achieving a specified response time goal or minimizing response time, subject to a budget constraint. Variable costs consist of the cost-to-order, the cost-to-hold, and an implied shortage cost of not achieving a specified response time goal.

C3.5.3.2.6.1. To avoid unnecessary procurement or repair actions, an item's safety level shall be constrained to a maximum of three standard deviations of lead time demand or the lead time demand, whichever is less.

C3.5.3.2.6.2. To limit long response times for customers, the DoD Components may add a constraint to an item's safety level computation that limits the expected response time in the computation to less than or equal to a given maximum time.

C3.5.4. Retail Demand-Based Requirements Computations

C3.5.4.1. Policy

C3.5.4.1.1. Requisitioning Objective. The requisitioning objective for a demand-based item shall establish the target quantity for replenishing the item's level of stock by requisitioning or through local procurement.

C3.5.4.1.2. Operating Level (OL). The OL is a retail EOQ and, as such, is a function of the cost-to-order or cost-to-requisition and the cost-to-hold an item of retail inventory.

C3.5.4.1.3. Retail Reorder Point. The objective of a reorder point is to identify when an order should be placed to replenish stock for an item. Demand-based items may be requisitioned or locally procured when the assets on-hand and on-order are equal to or less than the reorder point.

C3.5.4.1.4. Order and Shipping Time Level (OSTL). The OSTL is a function of the anticipated number of maintenance replacements, that require supply from external sources, and the item's order and shipping time.

C3.5.4.1.5. Local RCL for Reparable Items. The RCL is a function of the anticipated number of maintenance replacements that will be repaired locally and the item's local repair-cycle time.

C3.5.4.1.5. Safety Level (SL). The SL is a function of the probabilities that the repair-cycle time will be exceeded; the order and shipping time will be exceeded; the maintenance replacement rate will be higher than forecasted; and a number of maintenance replacements, anticipated for repair at the activity, will require resupply from external sources. The SL considers the degree of risk of being out of stock.

C3.5.4.2. Procedures

C3.5.4.2.1. Requisitioning Objective Computation. The requisitioning objective for a demand-based item shall be the sum of its OL and retail reorder point. A replenishment action (i.e., the establishment of a requisition or local procurement) should be taken when the asset position reaches the reorder point. The replenishment quantity should equal the requisitioning objective, minus the asset position.

C3.5.4.2.2. OL Computations. The standard Wilson EOQ formula, or variations of it, shall be used to compute the OL when future demand is assumed constant. When future demand varies according to a planned schedule of time-phased requirements, such as demand supporting a depot maintenance

program, a dynamic variation of the EOQ model (e.g., the Wagner-Whitin heuristic) may be used to compute target order quantities.

C3.5.4.2.2.1. In computing an OL for a reparable item, the rate of demand for resupply from external sources, rather than the total demand (maintenance replacements), shall be used.

C3.5.4.2.2.2. An OL shall be limited to a maximum of 12 months. An OL for items associated with an end item that is being phased out or with a trend of declining demand shall be adjusted downward accordingly.

C3.5.4.2.3. Consumable-Item Reorder Point Computation. The reorder point for a demand-based consumable item should be the sum of the item's order and shipping time level, safety level, and any applicable non-demand-based levels.

C3.5.4.2.4. Reparable-Item Reorder Point Computation. Reorder points for reparable items shall be determined as a function of maintenance replacements and shall be tailored to individual item characteristics related to conditions existing at the individual retail level supply points, taking into consideration factors such as:

C3.5.4.2.4.1. Forecasted rate of maintenance replacement.

C3.5.4.2.4.2. The percent of total maintenance replacements locally repaired.

C3.5.4.2.4.3. The applicable standard for field repair cycle time.

C3.5.4.2.4.4. The percent of total maintenance replacements not locally repaired.

C3.5.4.2.4.5. The order and shipping time.

C3.5.4.2.4.6. Cost factors such as the cost-to-order materiel and the cost-to-hold inventory.

C3.5.4.2.5. Safety Level Computation. The objective of the safety level computation is to protect against being out of stock by finding the level of stock that will minimize the total variable cost of achieving a specified performance goal or maximizing performance, subject to a budget constraint. Variable costs consist of the cost-to-order, the cost-to-hold, and an implied shortage cost of not achieving a specified performance goal.

C3.5.5. Limited Demand and Non-Demand-Based Requirements

C3.5.5.1. Policy

C3.5.5.1.1. Limited Demand Stockage. Essential items with low demand that do not justify being stocked based on economics and cannot be supplied by direct vendor delivery may be stocked as limited demand items. However, their stockage and replenishment quantities must be constrained. At the retail level, these guidelines apply:

C3.5.5.1.1.1. Stockage of limited demand items shall be authorized primarily during the initial period of operation of a unit, an activity, or a piece of equipment while demand data for the inventory are being accumulated.

C3.5.5.1.1.2. For some items and in some operational environments, a continuing need may exists to stock items which do not, and are not expected to, qualify as demand-based items based on the economic criteria.

C3.5.5.1.2. Insurance Stockage. Essential items with no forecast of failure or demand may be stocked as non-demand-based insurance items at the wholesale level.

C3.5.5.1.3. Planned Program Stocks. Non-demand-based stockage is authorized to satisfy non-recurring requirements evolving from one-time programs.

C3.5.5.1.4. Life-of-Type Items. Some items are classified as "life-of-type" because they are not produced after production of the major end item is completed; therefore, the total issues anticipated during the life of the end item are forecast and procured at the wholesale level. Other diminishing manufacturing sources alternatives addressed in Chapter 1 should be explored prior to a life-of-type buy. When life-of-type buys are necessary, procurement shall occur as close as possible to one lead time away.

C3.5.5.2. Procedures

C3.5.5.2.1. Limited Demand Stockage Quantities

C3.5.5.2.1.1. At the wholesale level, limited demand items shall be stocked in quantities not to exceed two minimum replacement units except when specific documented analysis supports an alternative quantity that is more cost effective or is required to meet an explicit customer requirement.

C3.5.5.2.1.2. As the probability of limited demand items being demanded is relatively low, stockage at the retail levels should be kept to a minimum, consistent with the operational environment and the relative essentiality of the item.

C3.5.5.2.2. Insurance Stockage. One minimum replacement unit of an item may be stocked for insurance purposes. Insurance items may be replenished when issued.

C3.5.5.2.3. Planned Program Stocks. The authorized stockage is equal to the sum of the approved programmed requirements only. No safety level or lead time quantities are authorized. Planned program requirements are supplemental to any demand-based requirement objective for an item.

C3.5.5.2.4. For limited demand and all established non-demand-based stockage items at the retail level, these procedures apply:

C3.5.5.2.4.1. Except for items being provisioned, the range and depth of stock shall be reviewed and the continued need for such levels validated annually by the initiator and the DoD Component approval authority. Limited demand and non-demand-supported stockage levels for provisioning items shall be reviewed and validated at the conclusion of the demand development period. A more frequent review and validation may be established if required by the using Component. The authorization for requirements that are not validated shall be promptly deleted, and assets on hand shall be reported and/or disposed of, in accordance with the retention and transfer policies in Chapter 4.

C3.5.5.2.4.2. The DoD Components shall establish both a requisitioning objective and a reorder point. Since the probability of demand is normally small, it may not be prudent to replenish a level immediately on making an issue. To defer and/or avoid reinvestment costs, the DoD Components shall develop reorder point computations that, when taking into account the investment cost and risks of being out of stock, may result in a fractional portion of the requisitioning objective as the reorder point instead of an across-the board policy of the requisitioning objective less one.

C3.5.6. Non-Stocked Items

C3.5.6.1. Policy. No stockage level is authorized.

C3.5.6.2. Procedure. The procurement quantity is initiated on receipt of a valid requisition and is normally limited to the requisition quantity. Exceptions are allowed on an individual item basis, but must be fully documented for each item.

C3.6. SECONDARY ITEM WAR RESERVE REQUIREMENTS

C3.6.1. Policy

C3.6.1.1. The DoD Components shall acquire and maintain, in peacetime, war materiel inventories sufficient to sustain operations, as prescribed in Defense Planning Guidance scenarios, for committed forces.

C3.6.1.2. To reduce reaction time and to sustain combat forces until resupply channels may be established, war materiel inventories shall be sized, managed, and positioned to maximize flexibility to respond to the regional contingencies approved for planning in the Defense Planning Guidance, while minimizing the DoD investment in inventories.

C3.6.1.3. Each Military Service shall fulfill that policy at an equivalent level of support.

C3.6.1.4. War materiel inventories shall include retail peacetime operating stocks, training stocks, and war reserve stocks.

C3.6.1.5. Industrial preparedness planning, host-nation support agreements, and commercial specification materials and capabilities shall be employed whenever possible to minimize the inventories needed to satisfy war materiel inventory requirements.

C3.6.1.6. Only those war reserve items with production lead times that exceed 30 days shall be held in wholesale war reserve stocks.

C3.6.2. Procedures. As part of their biennial Program Objective Memorandum (POM) and annual budget estimate submissions, the DoD Components shall provide information on the methodology they use to implement the war reserve policy in this Regulation and assign war reserve funding priorities.

C3.7. STRATIFICATION

C3.7.1. Policy

C3.7.1.1. The goal of the stratification process is to uniformly portray the materiel requirements and assets of individual secondary and ammunition items at the wholesale and available retail levels. Stratification policy and procedures for ammunition items are in subsection C6.8.2, below.

C3.7.1.2. Each DoD ICP shall accomplish the inventory stratification for each item under its management cognizance.

C3.7.1.3. Secondary items shall be summarized by the weapon system, budget category, and the IMM.

C3.7.1.4. Military Service secondary item stratification processes shall be developed, in accordance with the procedures that follow in paragraphs C3.7.2.1 through C3.7.2.3, below, which address how serviceable, unserviceable, and suspended assets are to be applied to the gross requirements quantity. Asset condition codes that fall into each of those categories are defined in DoD 4000.25-7-M-S-1 (reference (u)). The stratification results shall be utilized as the basis for

developing reparable item procurement and repair budget requirements, IMM repair scheduling and depot induction requirements, and for the development and execution of depot-level reparable item maintenance programs.

C3.7.2. Procedures

C3.7.2.1. Stratification is the process of applying assets, by type (from the most to least serviceable condition), for an individual item against the requirements for the same item in a prescribed priority sequence. Individual item asset and/or requirement comparisons shall be converted to dollars and summarized into dollar value stratification summaries. Subsequently, the results may be rearranged to facilitate analysis. The basic supply data on assets and requirements may be accumulated and stored in any applicable manner at the Components' option. Secondary item assets shall be stratified at least semiannually. One stratification shall be as of September 30 (for inventory reporting and funding reviews), and the other shall be as of March 31 (for budget preparation).

C3.7.2.2. The Central Secondary Item Stratification (CSIS) and the Local Secondary Item Stratification (LSIS) shall uniformly display the materiel requirements and associated asset status of individual secondary items and generate summaries of essential information. The stratification tables shall be based on data and factors used in the daily management of the individual items. The tables shall provide the foundation for developing secondary item procurement and depot maintenance budgets, determining the readiness status, and relating assets to the Approved Acquisition Objective (AAO). If a methodology other than stratification is used as a foundation, an audit trail to the applicable stratification table must be submitted to the DUSD(L).

C3.7.2.3. The DoD stratification is designed to provide visibility of retail and wholesale requirements, assets (on-hand and on-order), and overages or shortfalls. The stratification shall be accomplished, in accordance with DoD 4140.1-M (reference (hh)).

C4. CHAPTER 4

ASSET MANAGEMENT

C4.1. REQUISITIONING

C4.1.1. Policy

C4.1.1.1. Requisition Initiation

C4.1.1.1.1. Each Military Service and Defense Agency shall establish authorization to requisition materiel from the DoD supply system. By agreement with the GSA, civilian Agencies may requisition materiel through the establishment of an approved DoD Activity Address Code.

C4.1.1.1.2. Establishing the frequency of submitting requisitions and the order quantities is the prerogative of the requisitioner.

C4.1.1.1.3. Requisitions shall be submitted electronically. The communication of requisitions and related documents by other means is authorized only in exceptional circumstances.

C4.1.1.1.4. Identifying a requisition as either a recurring or non-recurring demand is the responsibility of the requisitioner.

C4.1.1.1.4.1. A recurring demand is a request to satisfy a materiel requirement for consumption or stock replenishment that is anticipated to occur periodically or to occur randomly with a reasonable probability of recurrence.

C4.1.1.1.4.2. A non-recurring demand is a request to satisfy a materiel requirement known to be a one-time occurrence, such as requests to provide initial stockage allowances, to meet planned program requirements, or to satisfy one-time maintenance requirements. Other examples of non-recurring demands include increases in the range of items authorized by tables of allowance or increases in the depth of stock that an activity is authorized to hold.

C4.1.1.2. Requisition Modification. When required, requisitioners should modify previously submitted requisitions for which the requisitioned material has not yet been delivered rather than submit additional requisitions.

C4.1.1.3. Requisition Cancellation. Requisition cancellation requests shall be submitted when there is no longer a requirement for the requisitioned item regardless of line item dollar value or supply status received. Cancellation requests for which materiel release orders and/or purchase requests have

not been submitted to depot and/or storage and/or procurement activities shall be effected immediately regardless of dollar value or quantity. Supply sources and procurement and storage activities are responsible for exercising the fullest practical resourcefulness in preventing the issue and shipment of unwanted materiel for which materiel release orders and/or purchase requests have been submitted to depot, storage, and/or procurement activities.

C4.1.1.4. Requisition Priority

C4.1.1.4.1. Customers of the supply system shall determine and communicate the relative precedence of their individual materiel requirements by the application of priority designators, required delivery date (RDD) entries and approved OSD or CJCS project codes. Applicable priority designators shall be determined, in accordance with the Force or Activity Designator (FAD) assigned to them and the application of the applicable Urgency of Need Designator (UND).

C4.1.1.4.1.1. Appendix 8 specifies the methodology that activities shall use in determining the priority designator for a supply system requirement. Appendix 9 specifies the criteria and responsibilities for FAD assignment and control. DoD 4000.25-1-M (reference (n)) specifies the criteria, responsibilities, controls and methodology for the determination of the appropriate UND, as well as RDD entries and assignment and/or use of OSD or CJCS project codes.

C4.1.1.4.1.2. Normally, higher priorities are associated with greater urgency of need. However, where inventory cost savings are demonstrated to be greater than the additional transportation costs, the Military Services may designate transportation priorities that expedite routine replenishment requisitions by entering an RDD with a specific Julian date and must remunerate the managing IMM accordingly. Priority designators shall not be abused to expedite the transportation of routine replenishment shipments.

C4.1.1.4.2. Supply sources shall process all requisitions under the time standards given in Appendix 8 unless variations are authorized, in accordance with required delivery date, required delivery period, the OSD and/or the Chairman of the Joint Chiefs of Staff or Service and/or Agency project requirements, commodity-unique rules, or established wartime and/or contingency materiel allocation procedures that are in effect. Supply sources shall consider the total cost of processing requisitions (to include inventory, distribution, and transportation management considerations) in their decision-making processes.

C4.1.1.4.3. A wartime and/or contingency materiel allocation process shall be established to determine requisition processing and materiel release and shipment precedence in the

DoD supply and transportation system. The wartime and/or contingency materiel allocation process shall be compatible with all other processing rules of the system. The system shall provide the capability to activate additional materiel allocation rules into the automated processes of the system to ensure the balanced flow of required materiel to units involved in wartime or contingency operations. The system shall be used to provide support to the Joint Materiel Priorities and Allocation Board in the allocation of scarce materiel during wartime or contingency operations. The wartime and/or contingency materiel allocation process shall be activated at the request of the Chairman of the Joint Chiefs of Staff.

C4.1.1.4.4. Only war reserve stocks that are acquired with funds that are limited to that use by statute shall be protected. However, if protected war reserve stocks are used to satisfy peacetime requirements, the stocks may be replaced with war reserve reinvestment funds. War reserve stocks acquired through stratification shall not be replaced if consumed.

C4.1.1.4.5. When a DoD Component executes a contract that allows for a commercial contractor to requisition materiel from the DoD distribution system, the DoD contracting officer shall advise the contractor of the priority designators to be shown in such contractor-prepared requisitions. The direction to the contractor should take cognizance of the FAD of the national priority program, force, or activity for which the contract is executed, and potential urgencies of need.

C4.1.1.5. Pipeline Status. Supply sources shall provide timely status information for each requisition, follow-up, reinstated requisition, requisition modifier document, redistribution order, passing order, referral order, and materiel release order processed.

C4.1.1.6. Receipt Acknowledgment. Receipt of all shipments of materiel resulting from the requisition process shall be acknowledged by receiving activities.

C4.1.1.7. Management of Requisitioning Procedures. Management of requisitioning procedures shall be accomplished under DLMS (see Section C2.1).

C4.1.1.8. Presidential Determination. Under Public Law 104-164 of July 1996 (reference (ii)), the President is authorized to drawdown articles and services from any Agency of the U.S. Government for the following:

C4.1.1.8.1. Counternarcotics;

C4.1.1.8.2. United Nations peacekeeping efforts;

C4.1.1.8.3. International disaster assistance;

C4.1.1.8.4. Migration and refugee assistance;

C4.1.1.8.5. Prisoner of war (POW) and/or missing in action (MIA) efforts in Vietnam, Cambodia, and Laos.

C4.1.2. Procedures

C4.1.2.1. The detailed procedures for the establishment of DoD activity address codes are in DoD 4000.25-6-M, Parts I through III (references (a) through (c)). References (a) through (c) have the data elements, codes, formats, and instructions necessary for the establishment of activity address codes.

C4.1.2.2. The detailed procedures for requisitioning are in DoD 4000.25-1-M (reference (n)). Reference (n) has the codes (including the recurring and non-recurring demand codes), formats, forms, time standards, and instructions for the submission and processing of requisitions, modifications, follow-ups, and cancellations.

C4.1.2.3. The detailed procedures for acknowledging receipt of materiel are in DoD 4000.25-2-M (reference (p)). Reference (p) has detailed guidance on preparing and processing materiel receipt acknowledgment documents.

C4.1.2.4. To reduce OST and minimize the layering of inventory in support of specific consumer requirements (replenishment or end-use), requisitions shall be processed directly to the supporting intermediate or wholesale echelon, as applicable. Normally, no more than one intermediate supply activity should be included in the requisitioning channel for a consumer.

C4.1.2.5. The procedures for Presidential drawdown are as follows:

C4.1.2.5.1. The DoD Components, when directed to provide material and/or services, shall drawdown these assets and/or services from existing DoD stocks and/or resources and shall absorb the cost associated with the material, as well as, staging and transportation costs, and when necessary, rehabilitation charges.

C4.1.2.5.2. The DoD Components shall be responsible for logistical, financial (funding and/or appropriation) and budget reporting with guidance from the Defense Security Assistance Agency (DSAA).

C4.2. MATERIEL RETENTION AND RETURNS

C4.2.1. Wholesale Retention

C4.2.1.1. Policy

C4.2.1.1.1. Except for ammunition, principal and secondary items shall be stratified applicably AAO stock, Economic Retention Stock (ERS), Contingency Retention Stock (CRS), and potential reutilization stock. Stratification policy and procedures for ammunition items are in subsection C6.8.2, below.

C4.2.1.1.2. ERS is stock above the AAO that is more economical to retain than to dispose of. To warrant economic retention, an item shall have a reasonably predictable demand rate.

C4.2.1.1.3. CRS is stock above the AAO and above the ERS level, if one exists, that is held to support specific contingencies.

C4.2.1.1.4. To ensure that retention stocks correspond with current and future force levels, the DoD Components annually shall review and validate their methodologies for making economic and contingency retention decisions.

C4.2.1.1.5. IMMs may retain wholesale stock up to the sum of the AAO, ERS, and CRS. Stocks above that sum are potential reutilization stock and shall be subject to transfer to the Defense Reutilization and Marketing Service (DRMS).

C4.2.1.1.6. Personnel involved in wholesale materiel management functions should be evaluated on their performance in eliminating wasteful retention practices and achieving cost savings in the retention of stock. In particular, item managers and distribution system managers should be evaluated on the timely handling of disposals.

C4.2.1.2. Procedures

C4.2.1.2.1. The methodology used to set the maximum level of ERS for an item, that is, its economic retention level, should be based on an economic analysis that balances the costs of retention and the costs of disposal. The DoD Components should consider in the economic analysis the costs of retaining item stocks, the potential long term demand for the item, potential repurchase costs, and, for items essential to the operation of a weapon system, the expected life of the system and the number of systems in use. The analysis may be accomplished on an item-by-item basis or for logical commodity groupings or for specific end item applications.

C4.2.1.2.2. For weapon-system items, economic retention levels shall be reduced in proportion to any reduction in the number of systems in use.

C4.2.1.2.3. The Components' annual review of economic retention methodologies should focus on:

C4.2.1.2.3.1. Better analyses supporting retention decisions through the use of forecasting models that take into account potential future upward or downward trends in demand and/or the uncertainties of predicting future long term demand based on historical data.

C4.2.1.2.3.2. Improved estimates for costs used in retention decision-making.

C4.2.1.2.4. The DoD Components shall identify CRS according to these categories:

C4.2.1.2.4.1. Military contingency: assets needed to meet military contingencies for U.S. Forces.

C4.2.1.2.4.2. Potential security assistance: assets held in expectation of foreign military demand under U.S. security assistance but not under CLSSA (i.e., non-CLSSA).

C4.2.1.2.4.3. General contingency: assets based on potential usefulness, for extreme reprocurement problems, or other special considerations involving nonmilitary contingencies, such as civil emergencies or natural disaster relief.

C4.2.1.2.5. Items unique to a weapon system that is being withdrawn from use should be reviewed for possible contingency retention. Stocks on items with potential security assistance contingency retention shall be held based on historical demand and anticipated sales from foreign non-CLSSA customers. Stocks on items with no contingency retention may be held for up to 1 year after the phaseout of the weapon system, with a written determination by the Commander of the applicable IMM that holding the stocks is in the interest of the Department of Defense, or up to 2 years, with a determination by the Head of the Agency responsible for maintaining the stocks that they are required in the interest of national security.

C4.2.1.2.6. Since the orientation of contingency retention is different from economic retention, the Components' annual review should focus on an item-by-item verification that the reason for contingency retention still exists and the coding of the reason for contingency retention is correct. The DoD Components shall establish goals for validating or eliminating their item contingency retention stocks. Stocks held for potential security assistance shall be disposed of after two years without demand.

C4.2.1.2.7. IMMs shall make final decisions, normally within 60 days, on assets categorized as potential reutilization stock. When a disposal release order is issued, the depot should transfer the assets to the Defense Reutilization and Marketing

Office (DRMO), normally within 45 days. ICPs shall follow-up quarterly on disposal release orders to ensure that depots have transferred the applicable items to the DRMO.

C4.2.2. Retail Retention

C4.2.2.1. Policy. To guard against variable demand and the associated unnecessary costs of returning and later reordering materiel, retail supply activities may have retention levels for the demand-based items.

C4.2.2.2. Procedures. The DoD Components may retain item assets at a retail supply activity up to the sum of the approved war reserve level, the requisitioning objective, and a maximum of 24 months' worth at anticipated issue or wear-out rates. If the holding Component does not authorize retail retention, the local retention level for an item is its requisitioning objective.

C4.2.3. Reporting and Return of Retail Assets Above Local Retention Levels

C4.2.3.1. Policy

C4.2.3.1.1. All serviceable assets or economically repairable assets above a Component's retention limit at a retail supply activity shall be reported to the wholesale manager for a determination as to disposition. To guide the wholesale manager in making an economically viable decision on disposition, the DoD Components shall establish criteria such as cost-to-process, cost-to-hold, and cost-to-ship. Based on that criteria, the wholesale manager shall advise the holding Component to do the following:

C4.2.3.1.1.1. Return the reported assets to wholesale stocks;

C4.2.3.1.1.2. Laterally redistribute the reported assets;

C4.2.3.1.1.3. Temporarily retain the assets in-place; or,

C4.2.3.1.1.4. Assume local disposition as the reported assets are not returnable.

C4.2.3.1.2. As an alternative to procurement to satisfy operational requirements within the budget year, wholesale managers shall accept returned assets and provide a financial credit to the owning Component. The financial credit provided for items authorized for return by the wholesale manager shall be the latest acquisition price.

C4.2.3.1.3. Authorized returns of assets beyond the budget year, or to satisfy the currently unfunded portion of the war reserve requirements, shall be without credit.

C4.2.3.2. Procedures

C4.2.3.2.1. If serviceable assets of consumable and reparable items or unserviceable-but-economically-repairable assets of reparable items exceed the local retention levels at a retail supply activity, the holding Component shall report as soon as practicable, but at least quarterly, those assets to the wholesale manager.

C4.2.3.2.1.1. Reports shall be for full unit-of-issue quantities only.

C4.2.3.2.1.2. U.S. Government activities returning materiel are cautioned that the returning activity may be held responsible for costs incurred by the receiving activity when discrepancies are reported and validated. Recoupment action by the IMM against the initiator may include all cost reimbursable actions performed by the receiving activity such as repackaging, marking, and/or disposal.

C4.2.3.2.2. Reported assets that the wholesale manager does not authorize for return or temporary retention shall be subject to the retail holding or disposal practices of the owning DoD Component.

C4.2.3.2.3. The IMM shall pay the packing, crating, handling and transportation costs associated with all directed returns. The retail owner should consider retaining, disposing, or consolidating assets to limit returns where the shipping costs exceed the value of the assets. The wholesale manager shall also pay storage costs for assets identified by the manager for temporary retention.

C4.2.3.2.4. Wholesale managers may set dollar thresholds to avoid uneconomical reporting and return of assets above retail retention limits. For assets below the threshold, the owner should consider retaining, disposing, or consolidating those assets where the reporting costs exceed the value of the assets.

C4.3. DOD TOTAL ASSET VISIBILITY

C4.3.1. General Capability

C4.3.1.1. Policy

C4.3.1.1.1. The total asset visibility (TAV) capability shall provide timely and accurate information on the location, movement, status, and identity of units, personnel, equipment, and supplies. It shall also provide the ability to act on that

information to improve the overall performance of DoD logistics practices.

C4.3.1.1.2. TAV methodologies and procedures apply to all materiel assets, to include fuel, medical, and ammunition.

C4.3.1.1.3. These objectives apply:

C4.3.1.1.3.1. Provide the DoD Components the tools to achieve total asset visibility at all levels within the DoD materiel management system.

C4.3.1.1.3.2. Provide tools to reduce wholesale and retail inventories by improving the productivity of the distribution system.

C4.3.1.1.3.3. Instill user confidence in the materiel management system by providing the correct information and capabilities, so that the user receives the right asset, at the right place, and at the right time in a cost-effective manner.

C4.3.1.1.3.4. Provide the operating unit the visibility of assets and status of orders to ensure responsive materiel support.

C4.3.1.1.3.5. Provide tools to improve transportation system responsiveness and efficient use of transportation resources.

C4.3.1.2. Procedures

C4.3.1.2.1. The DoD Components shall provide for visibility of in-storage, in-process, and intransit assets as well as orders placed on organic and commercial sources of supply.

C4.3.1.2.2. The methodologies and procedures in this Regulation represent basic TAV requirements for existing and emerging DoD logistics systems. At their own discretion, Components may include in their systems complementing methodologies and procedures to extend the visibility and redistribution of their assets to additional and/or lower levels of supply.

C4.3.2. Visibility of In-Storage Assets

C4.3.2.1. Wholesale-to-Retail In-Storage Asset Visibility

C4.3.2.1.1. Policy

C4.3.2.1.1.1. The IMM shall have visibility of retail supply activity assets and requirements to improve the utilization of retail and/or wholesale inventory investment through redistribution to satisfy requirements.

C4.3.2.1.1.2. The IMM shall have visibility of assets transferred to the DRMS and shall recall for reutilization centrally managed items instead of procurement or repair.

C4.3.2.1.1.3. To limit buys and repairs, the IMM shall take into account all wholesale and retail assets and requirements when setting quantities to be procured or repaired. Additionally, the IMM shall use that information to prepare integrated retail and/or wholesale stratification and annual inventory reports.

C4.3.2.1.1.4. Retail level activities shall make available to the IMM the asset and requirements information needed to make economical and readiness-based decisions on lateral redistribution, procurement, and repair.

C4.3.2.1.1.5. A multi-echelon requirements computation process may use knowledge of wholesale and retail assets to compute requirements levels. To support such a process, visibility of retail asset quantities (excluding assets in the hands of the ultimate user) should be made available to the requirements computation system of the managing DoD Component.

C4.3.2.1.1.6. The Service headquarters, the major commands, and the weapon system managers shall have sufficient visibility of retail level assets and requirements within their respective Service to assess capability to support operational and contingency plans and to support weapon system readiness.

C4.3.2.1.2. Procedures

C4.3.2.1.2.1. The TAV capability shall provide visibility of retail assets stored within DoD intermediate and consumer levels of retail supply down to these activities: the Army - to Authorized Stockage List, the Navy - to shipboard and shore stations, the Air Force - to base supply, and the Marines - to base supply and the Marine Expeditionary Force supplies. Assets held by working-capital-funded repair activities, such as depot maintenance activities and shipyards, are also considered retail level assets for lateral redistribution. Those activities shall report on-hand inventories, but in some cases may not be subject to the redistribution of those assets.

C4.3.2.1.2.2. Logistics systems shall provide for full and complete reporting of retail assets and requirements and for incorporating that information in wholesale issue processing, procurement, and repair decision-making.

C4.3.2.2. Retail-to-Wholesale In-Storage Asset Visibility

C4.3.2.2.1. Policy

C4.3.2.2.1.1. Retail supply activities authorized to requisition directly from the wholesale system shall have visibility of the wholesale inventory.

C4.3.2.2.1.2. Retail supply activities shall have visibility of assets transferred to the DRMS and may withdraw assets for their own use.

C4.3.2.2.2. Procedures. Wholesale systems shall provide retail supply activities with full and complete access to the wholesale assets and requirements information they need to support operational and contingency plans and weapon system readiness.

C4.3.2.3. Retail-to-Retail In-Storage Asset Visibility

C4.3.2.3.1. Policy. To fill critical shortages outside of normal requisitioning channels, retail supply activities shall have visibility of assets and requirements of other retail supply activities.

C4.3.2.3.2. Procedures

C4.3.2.3.2.1. Retail supply activities shall provide other retail supply activities, within the same Service, access to the retail assets and requirements information they need to find potential supply sources for critical shortages.

C4.3.2.3.2.2. As a Component prerogative, a DoD Component may provide full and complete retail-to-retail access to the other DoD Components or limit access to "read-only" visibility.

C4.3.3. Visibility of In-Process Assets

C4.3.3.1. Policy

C4.3.3.1.1. Visibility of line items due out from depot-level maintenance shall be provided to the IMMs for both organic and commercial repair. Extended use of EDI shall be promoted to achieve commercial sector compliance.

C4.3.3.1.2. For purposes of TAV, procurement assets are all assets a vendor is delivering to satisfy a DoD contract as well as assets the Department of Defense gives to vendors to produce other assets in support of DoD requirements. Visibility of procurement assets shall be provided to the IMMs to help in filling customer orders, forecasting depot receipt workload, and assessing future item support postures.

C4.3.3.2. Procedures. All depot maintenance asset information shall be provided directly to the IMMs, while

intermediate maintenance asset information shall be reported through supporting retail supply activities.

C4.3.4. Visibility of Intransit Assets

C4.3.4.1. Policy

C4.3.4.1.1. Timely, accurate intransit information shall be available to all users and logistics managers in a standard format adequate to satisfy needs.

C4.3.4.1.2. Visibility of intransit assets shall be available as part of an integrated capability that allows line items to be tracked by a standard method throughout the entire transportation pipeline and linked to the related requisition, return, or procurement.

C4.3.4.1.3. Line-item manifest and/or packing information shall be available on DoD standard electronic media to provide rapid identification of the contents of containers, pallets, and consolidation shipments.

C4.3.4.1.4. Policies, procedures, and electronic transactions shall be standardized throughout all segments of the Defense Transportation System to maintain item visibility. That includes access to commercial carrier automated intransit systems.

C4.3.4.2. Procedures

C4.3.4.2.1. Each line item shall be discreetly identified and linked with those shipment identifiers necessary to maintain intransit visibility. To the extent possible, that shall be through the use of a transportation control number (TCN).

C4.3.4.2.2. Linkage among various nodes of the transportation pipeline shall be achieved through the use of a "Consolidated Shipment Information" transaction. The transaction shall link the requisition or document number to the shipment TCN, any intermediate consolidation TCN and the conveyance TCN.

C4.3.4.2.2.1. The consolidated transaction shall be in a fixed format. Standards for the consolidated transaction shall be included in DoD 4500.32-R (reference (q)) and cross referenced by DoD 4500.9-R (reference (jj)) for use in the CONUS.

C4.3.4.2.2.2. When requisitions or shipments are consolidated, the consolidating activity shall submit the applicable consolidated transactions to show the consolidation action.

C4.3.4.2.3. Status information on intransit assets shall be available to customers on demand in near real-time.

C4.3.4.2.4. Procedures for retrograde materiel shall mirror that used for ready-for-issue materiel in transit.

C4.3.4.2.5. Transportation data shall be available for each node in the transportation pipeline. That shall include arrival and departure information for each node. That information shall be related to line-item data for shipments in transit.

C4.3.4.2.6. EDI capable carriers shall provide the status of shipments moving commercially to the extent that interfaces can be established and are operationally or cost beneficial.

C4.3.4.2.7. Transportation receipt conformation shall be captured.

C4.3.4.2.8. Ensured communications shall be made available to transmit transactions once status data is on line.

C4.3.4.2.9. Standard procedures for intransit reporting shall be extended into retail operations to the extent it is operationally beneficial.

C4.3.4.2.10. The DLMS shall have the standards required to achieve order status tracking. The FAR, Part 46 (reference (k), the Defense Transportation Regulation, and the theater-unique DoD Regulations shall be modified, as necessary, to implement these logistics standards uniformly worldwide.

C4.3.4.2.11. To deal with the diversity of the DoD operating environments as well as the large number of commercial and military activities involved in DoD materiel distribution, any variety of automated identification technologies (such as bar codes, laser optical cards, memory or smart cards, and RF devices) may be attached to consolidated shipments to ensure line item visibility and reduce in-processing time.

C4.3.5. Visibility of Order Status

C4.3.5.1. Policy. The status of an order shall be visible from the time of requisition to receipt of the materiel by the customer. As such, it spans the requisition status policy and procedures in section C4.1., above, and the shipment policy and procedures in subsection C4.3.4., above.

C4.3.5.2. Procedures

C4.3.5.2.1. The DUSD(L) shall develop and publish the procedures and transactions necessary to provide visibility of assets on-order.

C4.3.5.2.2. Order tracking and status reporting shall be simplified through the use of a standard single-customer order identification number.

C4.3.5.2.3. To simplify order tracking once one or more shipments are made to satisfy a requisition, all shipments, regardless of origin or destination, shall be assigned a shipment TCN that may be linked to the requisition.

C4.3.5.2.4. DAASC shall be the source for all information regarding requisition status from the requisition to receipt of materiel.

C4.3.6. Lateral Redistribution of Assets

C4.3.6.1. Policy

C4.3.6.1.1. TAV redistribution methodologies and procedures apply to all materiel assets, to include fuel and medical, regardless of funding source. Except for ammunition, principal items and equipment are excluded. Redistribution (cross leveling) policy and procedures for ammunition are in subsection C6.8.3, below.

C4.3.6.1.2. Lateral redistribution shall balance mission requirements with cost effectiveness. Wholesale level activities should direct retail redistribution versus wholesale issue when the total cost of such action is lower or when the wholesale level does not have stock available to meet a requisition's required response time and the retail level does.

C4.3.6.1.3. Activities that are mobile, deployed in mission posture, or are in field training exercises are exempt from redistribution of assets.

C4.3.6.1.4. Redistribution within a Service may occur before wholesale level requisitioning and should cover assets at all retail level activities, with the exception of principal items and equipment. Reimbursement for such intra-Service lateral redistribution is at the Services option. However, inter-Service lateral redistribution shall be managed and controlled by the associated IMM.

C4.3.6.1.5. Inter-Service redistribution should not occur before wholesale level requisitioning, except within theater at the direction of the Commander of the Combatant Commands. When wholesale assets are not available to satisfy the requisition, the IMM shall direct the lateral redistribution of materiel owned and/or held at the retail level, if available, through the DoD lateral redistribution process.

C4.3.6.2. Procedures

C4.3.6.2.1. A wholesale manager shall direct the lateral redistribution of retail assets with these provisions:

C4.3.6.2.1.1. Assets above an item's requisitioning objective are available for satisfying requisitions, regardless of priority including those at working-capital-funded repair activities.

C4.3.6.2.1.2. Assets below the requisitioning objective shall be made available for high-priority requisitions as dictated by the business rules for lateral redistribution. High-priority requisitions are requisitions that are issue priority group I with a not mission-capable supply code or with a JCS project code.

C4.3.6.2.2. When making a lateral redistribution through the DoD lateral redistribution process, a retail supply activity shall comply with time standards established in Appendix 8 and shall provide status information to the wholesaler. To avoid competing systems going after the same stock or issuing materiel that has already been issued, activities connected to the IMM via other visibility systems will be exempt from DEPRA reporting and redistribution.

C4.3.6.2.3. Billing procedures associated with the DoD lateral redistribution process shall ensure that the issuing activity is reimbursed for both the standard price of the materiel and a percentage of the standard price for packaging and handling costs associated with a lateral redistribution. When the IMM requests materiel to offset a procurement, the IMM shall ensure that the issuing activity is reimbursed for both the acquisition price of the materiel and a percentage of the acquisition price for associated packaging and handling costs. Transportation costs shall be at the Service ICP's actual cost recovery rate of acquisition price by commodity. The IMM shall receive credit for sale in those types of transactions.

C4.4. WHOLESALE STOCK POSITIONING

C4.4.1. Policy. Stocked items shall be positioned so as to maximize customer responsiveness while minimizing the total stockage, distribution, and transportation costs.

C4.4.1.1. Items shall be positioned to maximize support of approved mobilization and emergency war plans.

C4.4.1.2. To the maximum extent possible, stocked items should be positioned such that a given customer is supported from the minimum number of wholesale distribution centers and/or lower level activities.

C4.4.1.3. Items shall be positioned to minimize the total inbound and outbound transportation costs, unnecessary long-distance shipments, crosshauling, and circuitous routing, and to maximize shipment consolidation and the efficient use of transportation resources.

C4.4.1.4. When selecting a specific distribution center for an item of supply, consideration shall be given to the following:

C4.4.1.4.1. Item characteristics such as its designation as a controlled inventory item, shelf-life item, hazardous item, or an item requiring special maintenance and/or inspection requirements, to ensure that adequate security, safety, storage environments, technical expertise, and test equipment exist at the candidate distribution centers.

C4.4.1.4.2. Projected customer demand patterns, missions, consolidations, and transportation hubs.

C4.4.1.4.3. The diversity, locations, volumes, and stability of supply sources for an item including new item contract sources, and organic and contract repair sources.

C4.4.1.5. The positioning of item stocks shall be reassessed, at a minimum, once every 12 months. Changes in mobilization plans, missions, weapon systems, deployments, items characteristics, customer demand patterns, and/or sources of supply may require more frequent assessments.

C4.4.2. Procedures

C4.4.2.1. The item managers shall maintain individual item source and customer demand frequency information to aid in making stock positioning decisions.

C4.4.2.2. The DLA shall provide ICPs with an overall stock positioning concept plan. The plan shall be developed based on the policy guidance in paragraph C4.4.1.3., above, and shall identify the preferred distribution sites by class of materiel.

C4.4.2.3. The item manager shall identify the distribution sites and the stockage level for each site. Stockage of the item shall be based on the policy guidance in paragraph C4.4.1.3., above, and, to the maximum extent possible, within the overall stock positioning concept plan provided by the DLA. The ICP shall document the rationale for stockage decisions that are not consistent with the overall stock positioning concept plan.

C4.4.2.4. The DLA shall to the maximum extent possible provide storage capacity, in accordance with the ICP selected sites. When the ICP site selection does not fall within DLA's stock positioning concept plan, the DLA and the ICP shall negotiate to arrive at a final selection.

C4.4.2.5. When the decision is made to change the stockage location(s) of the item, the materiel at the original location(s) shall be removed by attrition and new deliveries of the item shall be to the new stockage location(s). Redistribution shall be the course of last resort and used only when economically justified.

C4.5. MANAGEMENT OF ON-ORDER ASSETS

C4.5.1. Policy

C4.5.1.1. The IMMs shall take timely action to reduce or cancel orders (purchase requests) before contract award and to consider terminating items under contract when changes in mission and consumption factors; etc., reduce requirements for secondary items. When determining the cost to accept potentially unneeded items, the IMMs shall calculate all costs of undelivered materiel plus the cost of receiving, holding, and disposing of the materiel.

C4.5.1.2. Applicable records shall be maintained to ensure accountability of termination and/or reduction decisions and the coordination of associated actions across functional areas. Termination and/or reduction decisions shall be reached and implemented in a timely manner.

C4.5.2. Procedures

C4.5.2.1. All IMMs shall establish materiel purchase request and/or contract reduction coordinators in a sufficiently high-management position to ensure management emphasis on prompt reduction and/or cancellation of orders.

C4.5.2.2. The requirements review process at the IMMs shall identify items for which requirements have been reduced prior to submission of a purchase request as well as during all phases of the solicitation and contract award processes. The IMMs shall establish reasonable thresholds for that review to ensure the graduated application of management effort to verify requirements based on the dollar value of the requirement. Particular emphasis shall be placed on reducing or canceling purchase requests prior to contract award in order to avoid potential liability for contractor termination costs.

C4.5.2.3. Before contract award, if inventory management reviews disclose that requirements for items on order have been reduced or eliminated, reduction or cancellation of the order shall promptly be requested of the contracting officer. Particular emphasis shall be given to validating requirements data (including security assistance and GFM requirements) used as the basis for orders exceeding $100,000. Follow-up action on all requests for order reduction or cancellation should be pursued to ensure that contract award quantities show reductions in requirements.

C4.5.2.4. After contract award, if inventory management reviews disclose that the requirement for items under contract has been reduced, the contracting officer shall request a termination action. Termination action shall be pursued if determined to be cost-effective and in the best interest of the Government. Cost-effectiveness should be determined by a comparison of what it will cost to hold items in inventory versus the cost to terminate the same items from contracts, plus reprocurement costs, if known. In deciding whether to terminate items under contract, such factors as the following should be considered: a. the cost to complete the contract including ownership costs (storage and interest; etc.) versus termination costs, plus reprocurement costs, if applicable, and b. the potential need for the items on other contracts (including production contracts with GFM requirements). Use of the items on higher assemblies shall be considered.

C4.5.2.5. Where feasible, estimated termination costs shall be obtained in a timely manner in order to establish the cost-effectiveness of termination. In general, termination costs should be obtained within 21 days of a request for termination action. If termination costs are not obtainable in a timely manner, estimates based on termination cost models may be used.

C4.5.2.6. Termination decisions should generally be reached within 30 days of generation of a notification that items under contract should be considered for termination.

C4.6. CONTROL OF ACCESS TO DOD MATERIEL INVENTORIES REQUIRED BY DEFENSE CONTRACTS

C4.6.1. Policy. Contractors shall supply all materiel required for the performance of Government contracts. In rare occasions, the Government may supply such materiel to achieve significant economy, standardization, or expedited production, or when it is otherwise in the Government's best interest. In executing that policy, the DoD Components shall do the following:

C4.6.1.1. Use DoD 4000.25-M and DoD 4000.25-1-M (references (m) and (n)) to provide DoD materiel to a contractor when, for reasons of significant economy, standardization, or expedited production, or when it is, otherwise, in the Government's best interest.

C4.6.1.2. Document and consider a decision to provide, or not to provide, DoD materiel to a contractor as a part of the maintenance and supply support elements of integrated logistics support planning.

C4.6.2. Procedures

C4.6.2.1. Each DoD Component authorizing the use of DoD materiel by contractors shall establish one or more management

control activities (MCAs) to maintain control over all requisitions submitted to the DoD wholesale supply system by contractors and by DoD Component activities when such DoD Component activity requisitions indicate shipment to a contractor. The MCA shall carry out the procedures in DoD 4000.25-1-M (reference (n)) and shall establish a system that does the following:

C4.6.2.1.1. Validates and approves all contractor-initiated requisitions and DoD-initiated materiel requisitions that are coded for direct shipment to a contractor.

C4.6.2.1.2. Restricts contractor access to specific predetermined items and quantities of those items by ensuring requisition validity, adequate authority, and consistency with the terms of an existing contract.

C4.6.2.1.3. Rejects contractor and DoD-initiated materiel requisitions that do not comply with the requirements of an existing contract.

C4.6.2.1.4. Passes approved requisitions to the applicable DoD source for supply action.

C4.6.2.1.5. Maintains a continuing record of the quantity of each item authorized as Government property provided to contractors the applicable amount each time a requisition for the item is validated for issue.

C4.6.2.1.6. Causes DoD supply sources to provide notification of shipment of DoD materiel to the MCA, which validated the requisition for comparison of DoD materiel shipment notification with validation records to verify that no shipment has been made without a corresponding record of verification.

C4.6.2.2. DoD supply sources shall refer requisitions for DoD materiel provided to contractors that have not passed through, and been approved by, an MCA back to the cognizant MCA for review and applicable action.

C4.6.2.3. The MCAs shall establish a management reporting system that does the following:

C4.6.2.3.1. Maintains a contract, requisition, and shipment status history file that serves as an auditable record of transactions involving DoD materiel provided to contractors.

C4.6.2.3.2. Provides the DoD contract administration offices a status report showing all shipments of DoD materiel to contractors and to DoD activities for subsequent shipment to contractors as well as all materiel requisitions that were rejected.

C4.6.2.4. Information Requirements. Each MCA shall prepare the DoD materiel status report required by subparagraph C4.6.2.3.2., above, for the quarterly reporting periods ending March 31, June 30, September 30, and December 31, using DD Form 2543, "Government Furnished Material (GFM) Status Report," and provide the report to the cognizant DoD contract administration office. Report Control Symbol DD-A&T(Q)1575 applies [note: RCS is valid through May 22, 1999].

C4.6.2.5. The DUSD(L) shall develop policy for and monitor the control of access to DoD inventories.

C4.6.2.6. The Heads of the DoD Components shall carry out the policy in this Regulation and shall do the following:

C4.6.2.6.1. Establish all required MCAs.

C4.6.2.6.2. Execute all procedures specified in DoD 4000.25-1-M.

C4.6.2.6.3. Refer all requests for waivers from the policy in this Regulation through the DoD Component Headquarters to the Assistant Deputy Under Secretary of Defense for Materiel and Distribution Management, ADUSD(L)(MDM).

C4.6.2.7. The Director, DLMSO, shall develop and maintain procedures supporting the policy in this Regulation to control contractor access to DoD materiel inventories.

C4.7. SUPPLY SYSTEM INVENTORY REPORT (SSIR)

C4.7.1. Policy

C4.7.1.1. An SSIR shall be provided annually to the Director, Washington Headquarters Services (WHS). It shall show the value of wholesale and retail inventory. The report shall include materiel held for sale or issue, and materiel in the process of repair for future sale. Sales transactions may be executed through the transfer of funds between Federal entities; it is not essential that the transaction be an exchange of goods for cash or cash equivalents.

C4.7.1.2. Inventory shall be valued using the latest acquisition cost method (or alternate method) prescribed by the Under Secretary of Defense (Comptroller).

C4.7.1.2.1. Inventory ready for issue shall be valued at its latest acquisition cost. All Class V ammunition inventory shall be valued at its latest acquisition price and shall not be devalued as provided for in subparagraphs C4.7.1.2.2 and C4.7.1.2.3, below.

C4.7.1.2.2. Reparable inventories that are not ready for issue shall be valued at their latest acquisition cost less the expected repair cost.

C4.7.1.2.3. Inventory that stratifies as "Potential Reutilization and/or Disposal Stock" (both serviceable and unserviceable) and inventory not expected to survive repair shall be valued at the net realizable cash value by applying a salvage rate. The ADUSD(L)(MDM) shall annually establish the salvage rate based upon information from the DRMS.

C4.7.2. Procedures

C4.7.2.1. Reporting Format and Content

C4.7.2.1.1. The ADUSD(L)(MDM) shall provide a computer spreadsheet file containing the required report format to each DoD Component. That spreadsheet template shall be used to report this information:

C4.7.2.1.1.1. Worldwide supply system inventory of principal items including those stocked at wholesale and retail levels, and in transit but excluding those listed in subparagraph C4.7.2.2., below.

C4.7.2.1.1.2. All secondary items inventory irrespective of funding source, including the following:

C4.7.2.1.1.2.1. In-store at depots, posts, camps, stations, bases, and ships, excluding materiel in the hands of end-users that is not held for sale.

C4.7.2.1.1.2.2. In leased or controlled storage facilities.

C4.7.2.1.1.2.3. In transit.

C4.7.2.1.1.2.4. Located in Government facilities.

C4.7.2.1.1.2.5. In the hands of contractors for modification, repair, or production and return to the supply system.

C4.7.2.1.2. The DoD Components shall report both principal and secondary items on the same spreadsheet. For secondary items, the DoD Components shall use separate rows on the spreadsheet to report reparable or consumable items, wholesale or retail level (see definitions for "Wholesale Stock" and "Retail Stock"), and source of funding (working capital fund, procurement appropriation, and operations and maintenance appropriation). Supplementary procedures for SSIR reporting of Class V ammunition inventory are in subsection C6.8.6.

C4.7.2.1.2.1. Reporting Categories for Principal Items. The DoD Components shall not use inventory stratification categories for reporting principal items, but report only total inventory value by these materiel categories:

C4.7.2.1.2.1.1. Weapons

C4.7.2.1.2.1.2. Major Aircraft Subsystems and Related Equipment

C4.7.2.1.2.1.3. Major Ship Subsystems, Small Craft, and Related Equipment

C4.7.2.1.2.1.4. Munitions and Related Equipment

C4.7.2.1.2.1.5. Missile Systems and Related Equipment

C4.7.2.1.2.1.6. Tank, Combat, and Tactical Vehicle Subsystems

C4.7.2.1.2.1.7. Support Vehicles and Railway Equipment

C4.7.2.1.2.1.8. Electronics, Communications, Control and Information Systems, and Related Equipment

C4.7.2.1.2.1.9. Propulsion Systems, Aircraft Engines, and Related Equipment

C4.7.2.1.2.1.10. Uncategorized Major Equipment

C4.7.2.1.2.2. Reporting of Stratified Secondary Item Inventory. The DoD Components shall report secondary items assets by managing national ICP using the inventory stratification category columns of the spreadsheet template. The September 30 stratification shall be used to report secondary items.

C4.7.2.1.2.3. Reporting of Intransit Secondary Item Inventory. Materiel that is between storage locations, either wholesale or retail; materiel shipped from vendors after acceptance by the Government, but not yet received by the inventory manager; materiel temporarily in use or on loan with contractors or schools; and inventory that is not otherwise stratified shall be reported as "Intransit Stock." Such inventories are not included in the stratification process, but are recorded in financial inventory accounting records or in retail inventories. The DoD Components shall identify intransit stock to a national ICP, where possible; otherwise, report it as "Manager not identified." This definition of intransit stock or intransit inventory applies only to this section on the Supply System Inventory Report.

C4.7.2.2. Categories of materiel excluded from the SSIR are, as follows:

C4.7.2.2.1. Complete ships, submarines, aircraft, helicopters, tanks and other combat and tactical vehicles, intercontinental and intermediate-range ballistic missiles, space vehicles, and other end-use materiel.

C4.7.2.2.2. With the exception of Class V ammunition inventory, materiel in the hands of end-users such as materiel with troop units, in maintenance facilities, and on combat ships except for aircraft carriers and amphibious assault ships. (Paragraph C4.7.2.3, below, addresses a separate reporting requirement for that materiel.)

C4.7.2.2.3. Property acquired for the performance of civil functions.

C4.7.2.2.4. The Treaty Compliance & Threat Reduction Agency inventory.

C4.7.2.2.5. The National Security Agency and classified program inventory.

C4.7.2.2.6. Materiel reported to the DRMS for reutilization screening and disposal and foreign-owned materiel.

C4.7.2.2.7. Materiel in storage facilities of the reporting DoD Component owned by the other DoD Components or the other Federal Agencies. Such materiel is excluded because it is to be reported by the owning Component.

C4.7.2.2.8. Items installed or incorporated in a higher assembly.

C4.7.3. The Heads of the DoD Components shall appoint an official representative to serve as the Component's single point of contact with the Director for Information Operations and Reports (DIOR), WHS, on matters related to the SSIR reporting requirement.

C4.7.4. The Heads of the DoD Components shall submit their inventory reports to the DIOR, WHS, not later than February 1 of each year. In addition to principal and secondary inventory data as of September 30, each report shall have a narrative that describes significant trends, changes from previous reporting periods, and modifications to systems, procedures, or operations impacting on the reported value of the materiel. The reporting requirements have been assigned Report Control Symbol DD-A&T(A)1000.

C4.7.5. Instructions for Electronic Reporting

C4.7.5.1. Each DoD Component shall submit a single computer-generated spreadsheet file that includes both principal and secondary item reporting data.

C4.7.5.2. Reporting Data

HEADER DATA

Cell	Item	Explanation and/or Instruction
A1	DoD Component	Enter DoD Component name.
A2	As of Date	Enter "as of date"

LINE ITEMS

Column	Item	Explanation and/or Instruction
A	FY	Enter fiscal year.
B	DoD Component	A – The Department of the Army N – The Department of the Navy M – The Marine Corps F – The Department of the Air Force D – The Defense Logistics Agency
C	National Inventory Control Point and/or Principal Item Category	Enter National inventory control point or principal item category for materiel. See subparagraph C4.7.2.1.2.1, above, for principal item categories.
D	Principal or Secondary Items	Enter "P" or "S."
E	Retail or Wholesale Items	Enter "R" or "W."
F	Consumable or Reparable Items	Enter "C" or "R."
G	Source of Funding Code	Enter applicable code (for example: RF – Revolving Fund; OM – Operation & Maintenance; IF – Investment Fund).
H	Approved Acquisition Objective	Enter $ value of materiel. For secondary items only.
I	War Reserve Stock	Enter $ value of materiel. Memo entry, also included in column H. For secondary items only.

Column	Item	Explanation and/or Instruction
J	Intransit Stock	Enter $ value of materiel. For secondary items only.
K	Economic Retention Stock	Enter $ value of materiel. For secondary items only.
L	Contingency Retention Stock	Enter $ value of materiel. For secondary items only.
M	Potential Security Assistance Stock	Enter $ value of materiel. Memo entry, also included in column L. For secondary items only.
N	Potential Reutilization and/or Disposal Stock	Enter $ value of materiel. For secondary items only.
O	Total Assets	For secondary items, this entry must equal the sum of all the assets (sum of columns H, J, K, L and N). For principal items, enter total inventory amount.

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C5. CHAPTER 5

MATERIEL DISTRIBUTION

C5.1. PACKAGING

C5.1.1. Policy

C5.1.1.1. All the DoD Components shall preserve, package and mark materiel for storage and movement in a way that provides adequate and quality protection, at the most economic cost, until ultimate consumption by the user.

C5.1.1.2. The DoD Components shall use commercial packaging when it is cost effective and will withstand anticipated logistics conditions.

C5.1.1.3. The DoD Components shall specify packaging requirements to prevent needless repackaging and/or upgrading of packaging.

C5.1.1.4. Packaging shall be based upon the nature of the item, known logistics requirements, and economic or normal consumer order quantities.

C5.1.1.5. DoD packaging specifications should be continuously improved based on reviews of materiel order and issue quantities, cost of the item itself versus the cost to package, hazardous materiel packaging requirements, preservation and marking, storing and transporting the item, and its criticality to the end-user's weapons system or mission.

C5.1.1.6. The DoD Components shall incorporate environmental pollution prevention measures into packaging standards, specifications, and other instructions and processes. The design and selection of packaging materials shall include consideration of disposability, reuse, biodegradability (when it meets logistics needs), recycling, and conservation.

C5.1.1.7. The DoD Components shall develop, document, apply, and issue military packaging requirements, in their assigned areas, for DoD-wide application.

C5.1.1.8. The DoD Components shall develop and apply uniform marking requirements to facilitate safe handling and efficient receipt, storage, and shipment of materiel.

C5.1.1.9. Hazardous materials shall be packaged and marked, in accordance with applicable Federal and international regulations.

C5.1.1.10. The DoD Components shall ensure that reusable containers are effectively used in applications where materiel is routinely returned for rebuilding or servicing.

C5.1.2. Procedures

C5.1.2.1. The DoD Components shall package materiel to provide adequate and quality protection at a fair and reasonable cost and to ensure efficient and cost-effective handling. The DoD Components shall use packaging designed to accommodate unitized loading and handling when it results in overall economy.

C5.1.2.2. The nature of the materiel, the anticipated logistics environment (e.g., shipping, handling, transportation, length, and type of storage) it will encounter, and consideration of the consequences of the receipt of damaged materiel shall determine the type and extent of protection required.

C5.1.2.3. The DoD Components shall use common definitions for the levels of protection used for materiel. Those levels are explained in Appendix 10.

C5.1.2.4. The DoD Components shall accept commercial packaging when such packaging is cost-effective and the technical details of the package construction and test performance show that the package will withstand the logistics conditions.

C5.1.2.5. Packaging specifications, standards, and operations shall comply with all safety requirements specified in DoD Instruction 6055.1 and 49 CFR 173 (references (kk) and (ll)).

C5.1.2.6. The DoD Components shall incorporate environmental pollution prevention measures, consistent with DoD Directives 6050.1 and 4715.1, DoD Instruction 4715.6, and Sections 1901 through 1915 of U.S.C. 33 (references (mm), (nn), (oo), and (pp)), into packaging standards, specifications, and other instructions and processes. The selection of packaging materials shall include consideration of disposability, reuse, degradability (when it meets logistics needs), recycling, and conservation.

C5.1.2.7. The DoD Components shall reuse packaging, materials, and containers to the maximum extent practical. DoD activities shall ensure reuse by establishing DoD Component procedures for container and material reclamation. The DoD Components shall also consider reduced packaging and the use of non-plastic packaging.

C5.1.2.8. The DoD Components shall, by means of the Defense Packaging Policy Group (see Appendix 11), coordinate and establish major efforts to improve packaging policies, procedures, engineering, and training to facilitate standardization and prevent duplication.

C5.1.2.9. The DoD Components shall specify packaging requirements in acquisition documents to prevent needless repackaging and upgrading of packaging at the receiving activity. DoD procuring activities shall ensure that the packaging requirements specified are cost effective and adequately protect the item.

C5.1.2.10. The DoD Components shall determine the quantity for each unit package for all materiel based upon the nature of the item, known logistics requirements, and normal usage factors. Commercial distribution or over-the-counter retail package quantities shall only be used when they are cost-effective and satisfy military distribution requirements.

C5.1.2.11. The DoD Components shall use EDI to transmit and make their packaging data requirements readily available to authorized users.

C5.1.2.12. To promote packaging uniformity between the Department of Defense and industry, the DoD Components shall circulate proposed packaging specifications and standards for comment to a representative cross-section of the affected segments of industry. Those include industrial associations, National standardization organizations, producer, manufacturer, and user societies. The DoD Components shall consider recommendations for using readily available materials and processes when they satisfy the needs of the Department of Defense.

C5.1.2.13. The DoD Components shall record and report shipments received with packaging inadequacies and discrepancies, in accordance with the provisions outlined in the DLAR 4140.55/AR 735-11-2/SECNAVINST 4355.18/AFJMAN 23-215 (reference (qq)).

C5.1.2.14. When developing acquisition documents, the DoD Components shall specify the packaging requirements that reflect the potential distribution needs for the life cycle of the items being procured. The nature of the item shall determine the type and extent of the protection required during item development, use, consumption, and disposal.

C5.1.2.15. The DoD Components shall develop and maintain packaging standards, specifications, and similar documents, in accordance with DoD 4120.3-M and DoD 5000.2-R (references (ee) and (d)). Reference (ee) establishes a 5-year review and validation period for military standardization documents. Under that program, packaging specification reviews shall concentrate on validating materiel cost-effectiveness, identifying and eliminating redundancies in packaging specifications, and incorporating changes that have occurred in the state-of-the-art of packaging.

C5.1.2.16. Each DoD Component shall develop procedures to measure and document packaging savings and cost-avoidance actions.

C5.1.2.17. The Defense Packaging Policy Group (Charter at Appendix 11) is responsible for recommending revisions to the packaging policy and procedures in this Regulation to the DUSD(L).

C5.1.2.18. The Heads of the DoD Components shall comply with those uniform procedures and policies. The DoD Components may supplement the packaging policy in this Regulation to address unique situations, but shall not issue separate policy on the subject. The DoD Components shall request clarification and/or changes through the DUSD(L).

C5.2. RECEIPT PROCESSING

C5.2.1. Policy

C5.2.1.1. All receipts of materiel at supply distribution depots or at wholesale or retail storage sites, (hereafter referred to collectively as storage activities) shall be recorded in DoD total item property records and shall be visible to all requiring activities. All receipts of materiel at final destinations shall be acknowledged by immediate issuance of an electronic receipt acknowledgment (MILSTRAP D6x/DLMS 2.0, 8xx). Use of other than EDI to communicate receipt transactions and related documents is authorized only in exceptional circumstances.

C5.2.1.2. Receiving activities should record receipts and make associated assets visible from the point of inspection and/or acceptance within 24 hours of receipt (holidays and weekends excepted). The accounting and finance office shall be notified of the item receipt within the 24-hour period to record the item in the asset record.

C5.2.1.3. Due-in Records

C5.2.1.3.1. All anticipated receipts of materiel from any source (i.e., procurement, redistribution, requisitioning, and returns) shall be recorded as "materiel due-in." Accounting for progress payments made to contractors shall be classified as "prepaid assets" rather than as "inventory consistent with DoD inventory valuation policy."

C5.2.1.3.2. A current record of all anticipated materiel receipts shall be available to receiving storage activities.

C5.2.1.3.3. Suspense procedures shall be established based upon the initial notification of shipment to monitor materiel receipt and ensure proper accountability of intransit assets.

C5.2.1.4. Receipt Processing Time. Wholesale activity receipt processing performance shall be measured in terms of the goal to process receipts and reflect them with minimal delay as on-hand assets available for issue.

C5.2.1.5. Receipt Processing Controls

C5.2.1.5.1. Receipt control procedures shall be established to record the status of materiel in the storing cycle.

C5.2.1.5.2. When materiel directed for issue is denied because there is insufficient physically stored materiel to fill the requirement, the inventory manager shall direct that receipts in the storing cycle be used to satisfy the requirement.

C5.2.1.5.3. The receiving process should use technological innovations such as bar coding and microcircuit labeling to reduce the incidence of record inaccuracy and to hasten the receipt posting process. The receiving areas of storage activities should be physically configured to optimize the use of such innovations.

C5.2.1.6. Inspection and Discrepant Receipt Processing

C5.2.1.6.1. When shipments of materiel received from commercial sources require inspection and/or acceptance at destination, the inspection and/or acceptance shall be performed as part of the receiving process.

C5.2.1.6.2. Materiel receipt transactions shall reflect the actual condition of the materiel received based on inspection.

C5.2.1.6.3. All discrepant receipts shall be reported under established DoD Regulations covering supply, transportation, or quality discrepancies.

C5.2.1.7. Management of Receiving Procedures. Receiving procedures shall be managed using the DLMS functional system configuration control process.

C5.2.2. Procedures

C5.2.2.1. The DLA shall publish the detailed procedures for efficient and effective issuing of materiel.

C5.2.2.2. The detailed procedures for recording and processing issue transactions are in Chapter 4 of DoD 4000.25-2-M (reference (p)) and Chapter 5 of DoD 4000.25-M (reference (m)).

C5.3. ITEM ACCOUNTABILITY, CONTROL AND STEWARDSHIP

C5.3.1. Accountability

C5.3.1.1. Policy

C5.3.1.1.1. A single item-inventory record shall be shared to provide materiel asset information. Duplicative records maintained by ICPs and storage activities shall be consolidated into one inventory record.

C5.3.1.1.2. The storage activity is responsible for the content, changes, and accuracy of the inventory held under its control.

C5.3.1.1.2.1. The record or record set shall identify the quantity, condition, and value of the item assets for each organizational entity having physical custody of those assets.

C5.3.1.1.2.2. The total item property record shall, as a minimum, include materiel that is due in, in-transit, in organic wholesale repair facilities, in a contractor's custody, on loan, on-hand in wholesale storage activities, reported on-hand at retail activities, and for reported assets in the custody of users.

C5.3.1.1.3. The property accountability responsibility for segments of the total item property record may be delegated to, but not shared by, one or more organizational entities.

C5.3.1.1.4. Storage activities shall be accountable for the accuracy of that portion of the total item property record showing the quantitative balance in their custody.

C5.3.1.1.4.1. Storage activities that have physical custody of materiel are responsible for the care and safeguarding of that materiel.

C5.3.1.1.4.2. Storage activities shall conduct physical inventories; initiate and conduct discrepancy research; and prepare supply discrepancy reports; resolve discrepancies, investigating, and assessing liability for loss, damage, and destruction of Government property; and applicable actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement.

C5.3.1.1.4.3. IMMs are responsible for initiating and directing the conduct of physical inventories; discrepancy research and reports; resolving discrepancies, investigating, and assessing liability for loss, damage, and destruction of Government property; and taking applicable actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement for all DoD materiel that is not in the physical custody of DoD activities.

C5.3.1.2. Procedures

C5.3.1.2.1. Each DoD Component shall ensure that information management systems software adheres to the policies in this Regulation.

C5.3.1.2.2. Each Component shall ensure that Component and activity level operating procedures are current and in complete compliance with the guiding policies in this Regulation and the detailed procedures referenced by this Regulation. Each Component shall conduct internal reviews to ensure execution compliance, in accordance with DoD Directive 5010.38 (reference (rr)).

C5.3.1.2.3. The detailed procedures for maintaining supply record accountability are in DoD 4000.25-2-M, Chapter 7 and DoD 4000.25-M, Chapter 7 (references (n) and (m)).

C5.3.1.2.4. The detailed procedures for investigating and assessing liability for loss, damage, and destruction of Government property are in DoD 7000.14-R, Chapter 7 of Volume 12 (reference (ss)).

C5.3.2. Audit Trail Control

C5.3.2.1. Policy. Transaction histories shall be maintained providing a complete audit trail of all transactions affecting the total item property record for a minimum of 2 years.

C5.3.2.2. Procedures

C5.3.2.2.1. The transaction history audit trail shall be composed of both the information system transaction record and, when applicable, the source document that prompted the information system transaction.

C5.3.2.2.2. Source data automation techniques should be used to the maximum extent to capture the required information from the source document and to keep a retrievable image of the source document.

C5.3.2.2.3. The information system transactions and source documents and/or images shall be indexed in such a way that they are tied together for retrieval.

C5.3.3. Physical Inventory Control

C5.3.3.1. Policy

C5.3.3.1.1. A Physical Inventory Control Program shall be established for DoD supply system materiel (both wholesale and below wholesale) and maintained by each DoD Component to provide

for the economical and efficient stewardship of DoD supply system materiel.

C5.3.3.1.2. The DoD Physical Inventory Control Program shall include physical inventories; location surveys; quality control; research; accuracy and performance goals; workload and/or performance management reporting; and, pending establishment of single shared asset balances, reconciliation of records.

C5.3.3.1.3. Storage activities shall maintain quantitative balance records by individual storage location. Maintenance of those records shall provide the capability to detect theft or diversion of materiel and find the cause of variances, enabling corrective management action.

C5.3.3.1.4. The DoD Components shall devote resources and select items for physical inventory according to this prioritization:

C5.3.3.1.4.1. Annual random statistical samples that shall support the determination of logistics record accuracy and financial record accuracy.

C5.3.3.1.4.2. Classified items.

C5.3.3.1.4.3. Sensitive and pilferable items.

C5.3.3.1.4.4. Items with known or suspected discrepancies or items requested by the materiel manager or accountable officer.

C5.3.3.1.4.5. All other items which shall be candidates for physical inventory based on a prioritization system or sampling strategy.

C5.3.3.2. Procedures

C5.3.3.2.1. The detailed procedures for the DoD Physical Inventory Control Program are in DoD 4000.25-2-M, Chapter 7 and DoD 4000.25-M, Chapter 7 (references (n) and (m)). The detailed procedures contain the required transaction formats, data element and code definitions, required time frames for actions, control and selection criteria, performance standards, and management data requirements for the conduct of these five major physical inventory control program elements:

C5.3.3.2.1.1. Physical inventory.

C5.3.3.2.1.2. Location audit.

C5.3.3.2.1.3. Research.

C5.3.3.2.1.4. Quality control.

C5.3.3.2.1.5. Management reporting.

The detailed procedures specify the minimum DoD-wide standards, controls, and records required to ensure the proper accountability and accuracy of DoD supply system inventories.

C5.3.3.2.2. In addition to the requirements specified in paragraph C5.3.3.2.1., above, these requirements apply:

C5.3.3.2.2.1. Components having custody or accountability of Category I, II and III Non-nuclear Missiles and Rockets or Category II and III Arms shall perform the following inventories on those items:

C5.3.3.2.2.1.1. Unit level shall do a 100 percent monthly physical count and a 100 percent quarterly count by serial number.

C5.3.3.2.2.1.2. Installation (post, camp, base, station) level shall do a 100 percent semiannual physical count.

C5.3.3.2.2.1.3. Where the items are banded and crated, the inventory shall consist of a 100 percent count as reflected by the number of items listed on the crates. Any evidence of tampering shall be cause for a crate to be opened and a 100 percent count taken of the contents. Inventory records shall be maintained for a minimum of 2 years.

C5.3.3.2.2.2. Ammunition and Explosives unit and installation physical inventories as a minimum shall be conducted, in accordance with DoD 4000.25-2-M, Chapter 7 (reference (p)). The DoD Components may prescribe more frequent inventories as required.

C5.3.3.2.2.3. Before any loss of materiel in paragraphs C.5.3.3.2.2.1 or C.5.3.3.2.2.2, above, may be attributed to an inventory or accountability discrepancy, it must be determined through investigation that the loss was not the result of theft or misappropriation.

C5.3.3.2.3. The detailed procedures apply to all wholesale-level inventories not specifically excluded by this Regulation. The Component procedures for management of inventories below the wholesale-level inventory shall be patterned after the wholesale level procedures to the maximum extent practical.

C5.3.3.2.4. The DUSD(L) is responsible for overall policy, direction, and oversight of the physical inventory control of DoD supply system materiel.

C5.3.3.2.5. The Heads of the DoD Components shall do the following:

C5.3.3.2.5.1. Establish and maintain a workable physical inventory control program in compliance with this Regulation, and ensure that processing of inventory results to accounting records is in compliance with DoD 7000.14-R, Chapter 55 of Volume 11B (reference (tt)).

C5.3.3.2.5.2. Provide adequate management priority and resources for the execution of physical inventory control program functions.

C5.3.3.2.5.3. Ensure that assets are protected against waste, loss, negligence, unauthorized use, misappropriation, and compromise in the case of controlled inventory item materiel.

C5.3.3.2.5.4. Ensure that the procedures of DoD 4000.25-2-M, Chapter 7 and DoD 4000.24M, Chapter 7 (references (n) and (m)) are strictly adhered to except where a written request for a waiver has been approved by the DUSD(L).

C5.3.3.2.5.5. Ensure that materiel accountability and inventory accuracy are mandatory elements in personnel performance appraisals for individuals directly responsible for the care, security, and management of DoD supply system materiel as well as those responsible for making reports on the status of that inventory.

C5.3.3.2.5.6. Ensure that duties such as receiving, posting transactions to records, and issuing; etc., are (to the maximum extent possible) divided among the work force so that no single individual may adversely effect the accuracy and integrity of the inventory.

C5.3.3.2.5.7. Conduct functional reviews of the physical inventory control program to ensure compliance with DoD and Component policy and procedures and establish physical inventory control as a mandatory element to be addressed in the annual internal management control assessments required by DoD Directive 5010.38 (reference (rr)).

C5.3.3.2.5.8. Ensure that adequate training is provided to supply system personnel who perform functions affecting physical inventory control and that training courses are updated to teach current DoD policies, procedures, and performance goals.

C5.3.3.2.5.9. Forward an original and one copy of Component Inventory Control Effectiveness (ICE) Reports to the Chairperson, DoD Joint Physical Inventory Working Group (JPIWG), in accordance with DoD 4000.25-2-M, Chapter 7 (reference (p)) by 31 December, March 31, June 30, and September 30. That reporting requirement has been assigned Reports Control Symbol DD-P&L(Q)935.

C5.3.3.2.5.10. Provide representatives to serve on the JPIWG.

C5.3.3.2.5.11. The owning Service or Agency shall assume or assign the accountability for materiel not in the physical custody of a storage activity, including materiel inducted for organic repair, test, assembly/disassembly, conversion, modification, or reclamation; materiel in a contractors hands (in accordance with provisions of the FAR (reference (k)); materiel intransit; materiel on loan, etc.

C5.3.3.2.6. The DLMSO shall do the following:

C5.3.3.2.6.1. Establish a program administrator to serve as the DoD focal point for the DoD Physical Inventory Control Program, in accordance with this Regulation.

C5.3.3.2.6.2. Ensure compatibility of physical inventory control procedures with all other DoD standard systems.

C5.3.3.2.5.3. Assist in resolving problems, violations, and deviations that arise during system operations and those that are reported to the program administrator.

C5.3.3.2.5.4. Ensure uniform implementation of DoD policy and procedures by the DoD Components.

C5.3.3.2.6. The DoD Physical Inventory Control Program Administrator shall do the following:

C5.3.3.2.6.1. Develop and publish procedural guidelines for physical inventory control of DoD supply system materiel, coordinate proposed DLSS/DLMS changes, in accordance with this Regulation, and reconcile problems among the DoD Components.

C5.3.3.2.6.2. Review and analyze ICE Reports and provide a fiscal-year end consolidated report and analyses to the DUSD(L) by 31 January.

C5.3.3.2.6.3. Serve as the Chair for the JPIWG.

C5.3.3.2.7. The JPIWG shall develop and recommend policy and develop program enhancements for the physical inventory control of DoD supply system materiel, in accordance with the JPIWG Charter (Appendix 12).

C5.3.4. Care of Supplies in Storage (COSIS)

C5.3.4.1. Policy

C5.3.4.1.1. A COSIS program shall be established to ensure that materiel in storage is maintained in ready for issue

condition or to prevent uneconomic deterioration of unserviceable materiel.

C5.3.4.1.2. The COSIS program shall include the following:

C5.3.4.1.2.1. A quality assurance program for inspection and/or test.

C5.3.4.1.2.2. A system for reporting and recording of quality assurance data.

C5.3.4.1.2.3. Provisions for the entry of the true condition of materiel into the total item property record.

C5.3.4.1.2.4. A system to ensure that corrective actions for deficiencies uncovered during inspections are done to restore the items to serviceable condition or protect unserviceable materiel from uneconomic deterioration.

C5.3.4.1.3. IMMs are responsible for specifying the COSIS requirements and funding the COSIS costs.

C5.3.4.1.4. Storage activities are responsible for providing adequate protection from the elements and environmental conditions by providing proper storage facilities, preservation, packing, marking, or a combination of all or any of those measures and for the execution of the COSIS program.

C5.3.4.2. Procedures. The DLA shall publish the detailed procedures for the conduct of the DoD COSIS Program.

C5.3.5. Shelf-Life Program

C5.3.5.1. Policy

C5.3.5.1.1. A Shelf-Life Program shall be established to provide special emphasis for those items with known deterioration characteristics to reduce the risk of shelf-life expiration. Internal management controls shall be established and maintained to monitor shelf-life items through out their life cycle.

C5.3.5.1.2. Shelf-life items shall be maintained at the requisite level of stock to minimize the risk of shelf-life expiration. The maximum possible reliance that is consistent with operational readiness requirements shall be placed on the contractors' distribution systems for shelf-life items.

C5.3.5.1.3. Activities storing shelf-life items shall do the following:

C5.3.5.1.3.1. Adhere to the DoD material quality control storage standards that specify the instructions for the inspection, testing, and restoration of items in storage.

C5.3.5.1.3.2. Initiate controls to minimize expiration of materiel in storage by issuing the oldest stocks first, except where issue of newer stocks is justified by special requirements.

C5.3.5.1.3.3. Provide necessary surveillance to ensure that items are in a ready-for-issue or ready-for-use condition, in accordance with applicable storage standards or other applicable technical documentation, to include exercise of manufacturer's or contractor's warranty provisions, if applicable.

C5.3.5.1.4. To facilitate shelf-life management programs developed to maximize materiel usage, activities managing shelf-life items may direct storage activities to issue by Component-developed date-of-pack and/or date-of-expiration criteria.

C5.3.5.2. Procedures

C5.3.5.2.1. The detailed procedures for the DoD Shelf-Life Program are in DoD 4140.27-M (reference (g)).

C5.3.5.2.2. The DUSD(L) shall do the following:

C5.3.5.2.2.1. Establish policy and provide guidance for the Shelf-Life Program and ensure implementation of that policy in a uniform manner throughout the Department of Defense.

C5.3.5.2.2.2. Monitor the overall effectiveness of the Shelf-Life Program and make policy or program changes.

C5.3.5.2.3. The Secretaries of the Military Departments, or designees, and the Director of DLA shall do the following:

C5.3.5.2.3.1. Establish and maintain a workable Shelf-Life Program, in compliance with this Regulation and DoD 4140.27-M (reference (g)), and ensure that procedures for the designation, issuance, and management of items in retail and wholesale inventories are compatible.

C5.3.5.2.3.2. Provide adequate management priority and resources for the execution of shelf-life functions.

C5.3.5.2.3.3. Designate shelf-life items by type, prescribe associated shelf-life periods, and develop technical documentation establishing material quality control storage standards and quality status list criteria.

C5.3.5.2.3.4. Provide uniform packaging for assigned shelf-life items, in accordance with this Regulation.

C5.3.5.2.3.5. Provide technical and engineering support for the DLA and, on request, the GSA, the Federal

Aviation Administration (FAA), and the United States Coast Guard (USCG).

C5.3.5.2.3.6. Ensure that the procedures of reference (g) are strictly adhered to, except when the Administrator of the DoD Shelf-Life Program has approved a written request for a waiver.

C5.3.5.2.3.7. Conduct functional reviews of the Shelf-Life Program to ensure compliance with DoD and Component policy and procedures and establish shelf-life as a mandatory element to be addressed in annual internal management control assessments required by DoD Directive 5010.38 (reference (rr)).

C5.3.5.2.3.8. Ensure that adequate training is provided to supply system personnel who perform functions affecting shelf-life and that training courses are updated to teach current DoD policies, procedures, and performance goals.

C5.3.5.2.3.9. Submit management reports, in accordance with instructions and formats in reference (g). The reporting requirements have been assigned Reports Control Symbols DD A&T (A) 1549 and DD A&T (L) 1902.

C5.3.5.2.3.10. Manage, receive, store, issue and dispose of shelf-life hazardous materials, in accordance with all laws and regulations, to minimize the generation of hazardous waste.

C5.3.5.2.3.11. Comply with and participate in the DoD Shelf-Life Committee Charter in Appendix 13.

C5.3.5.2.3.12. Utilize the DoD Quality Status list on-line system to determine if laboratory tested type II shelf-life material has been extended.

C5.3.5.2.4. The Director, DLA, shall do the following:

C5.3.5.2.4.1. Administer the DoD Shelf-Life Program.

C5.3.5.2.4.2. Appoint a DoD Shelf-Life Program Administrator whose duties shall include the Chair of the DoD Shelf-Life Committee under the Charter at Appendix 13.

C5.3.5.2.5. The DoD Shelf-Life Program Administrator, shall do the following:

C5.3.5.2.5.1. Prepare and evaluate summary management reports, in accordance with instructions and formats in reference (g). The reporting requirements have been assigned Reports Control Symbols DD A&T (A) 1549 and DD A&T (L) 1902.

C5.3.5.2.5.2. Determine whether the reporting and surveillance techniques that measure the degree to which the program objectives are achieved are adequate.

C5.3.5.2.6. The Heads of the DoD Components and, by agreement, the Administrator, the GSA, the FAA, and the USCG shall comply with this Regulation and with DoD 4140.27-M (reference (g)).

C5.3.6. Security of Materiel

C5.3.6.1. Policy

C5.3.6.1.1. A Physical Security Program shall be established and executed to prevent or reduce the potential for theft, fraud, sabotage, and abuse of DoD materiel. The program shall include the following:

C5.3.6.1.1.1. Entry control, detection, communication, and response systems capable of deterring and defeating criminal activities.

C5.3.6.1.1.2. A system to monitor the effectiveness of security measures based on routine analysis of loss rates through inventories, Financial Liability Investigation of Property Loss reports, and criminal incident reports, to establish whether repetitive losses show criminal or negligent activity and the need for additional physical security measures.

C5.3.6.1.2. Emphasis shall be placed on employing technology to minimize manpower requirements by acquiring mechanical and/or electronic security devices. Specialized software should be employed where possible to identify irregular or questionable patterns of requisitions and other supply activity.

C5.3.6.2. Procedures

C5.3.6.2.1. The detailed procedures for maintaining physical security of supply system inventories are in DoD 5200.8-R (reference (uu)).

C5.3.6.2.2. The detailed procedures for maintaining physical security of conventional arms, ammunition, and explosive materiel are in DoD 5100.76-M (reference (vv)).

C5.3.6.2.3. The detailed procedures for maintaining security of chemical agents are in DoD Directive 5210.63 (reference(ww)).

C5.3.6.2.4. The detailed procedures for safeguarding sensitive, controlled, and pilferable items, and controlled

substances are in DLAR 4145.11/AR740-7/NAVSUPINST 4440.146B/MCO 4450.11 (reference (xx)).

C5.4. DISTRIBUTION OPERATIONS

C5.4.1. Policy

C5.4.1.1. To the maximum extent possible, work assignments within a storage activity shall be divided to maintain the security of materiel and the integrity of the records. For example, no individual shall perform both issue and receipt functions and/or file maintenance actions for both functions.

C5.4.1.2. Storage activity resources shall be optimally employed to provide the required levels of performance at the minimum cost.

C5.4.1.3. Storage activity performance goals shall be established to achieve continuous improvement, and a system for monitoring performance and workload shall be established and maintained.

C5.4.1.4. Automated storage and retrieval systems, storage aids, materiel handling equipment and other labor saving devices should be used to increase productivity and to reduce the need for hard copy documentation and manual data entry, the opportunities for human error, and the recurring cost of operations.

C5.4.1.5. Storage activities shall position and issue materiel from storage locations in a manner that does the following:

C5.4.1.5.1. Provides for efficient issuing, packing, and shipping processes.

C5.4.1.5.2. Gets the best use of materiel handling and storage equipment.

C5.4.1.5.3. Keeps the number of warehouses to a minimum.

C5.4.1.5.4. Obtains the best use of storage space in warehouses that are used.

C5.4.1.5.5. Keeps the rewarehousing of materiel to a minimum.

C5.4.1.6. A workload planning and scheduling system shall be employed to accomplish all the storage activity workload as efficiently as possible.

C5.4.1.7. Storage activities shall use efficient and effective materiel control systems to track materiel from the point it enters their custody until it leaves their custody.

C5.4.1.8. As the material custodian, storage activity personnel shall be evaluated on the timely and accurate handling of issues and receipts. Performance matrices shall allow for separate processing standards based on the type of issue (material release, redistribution and/or disposal order); and source of receipt (e.g. new procurement, returns and/or stock redistribution).

C5.4.1.9. Storage activity personnel shall systematically review material in storage to identify and report suspended material conditions to the applicable IMM to seek timely disposition and disposal of unneeded stocks.

C5.4.1.10. A safety program shall be established and executed to ensure that personnel and property are protected against accidents and the inherent hazards of a warehousing environment.

C5.4.1.11. A comprehensive training program shall be established and executed to maximize employee productivity, job satisfaction, health, and safety.

C5.4.2. Procedures. The DLA shall publish the detailed procedures for efficient and effective distribution operations.

C5.5. MATERIEL ISSUE PROCESSING

C5.5.1. Policy

C5.5.1.1. All issues of materiel from storage activities, including issues from receipts, shall be confirmed to the total item property record as rapidly as is technically possible through EDI. Use of other than EDI to communicate issue transactions and related documents is authorized only in exceptional circumstances.

C5.5.1.2. The daily issue workload shall be organized and scheduled to maximize the efficiency of the issuing, packing, and shipping processes.

C5.5.1.3. Normally the oldest materiel in storage should be issued first, except where issue of newer stocks is justified by special requirements.

C5.5.1.4. When an insufficient quantity of materiel is in stock to satisfy a directed issue, the storage activity shall issue what it has on hand and transmit a materiel denial for the balance of the quantity to the IMM.

C5.5.2. Procedures

C5.5.2.1. The DLA shall publish the detailed procedures for efficient and effective issuing of materiel.

C5.5.2.2. The detailed procedures for recording and processing issue transactions are in Chapter 3 of DoD 4000.25-2-M (reference (p)).

C5.6. UNIFORM MATERIEL MOVEMENT AND ISSUE PRIORITY SYSTEM (UMMIPS)

C5.6.1. Policy

C5.6.1.1. UMMIPS shall serve as the system for allocating resources among competing demands. It shall be used during peacetime and war.

C5.6.1.1.1. UMMIPS shall be used as an adjunct to guidance issued by the Chairman of the Joint Chiefs of Staff and the Military Services governing overall allocation and ultimate distribution of end items to forces and activities.

C5.6.1.1.2. Appendix 8 establishes time standards for the supply of materiel from the time of origination of the requirement (date of the requisition) to the time that the acknowledgment of physical receipt is posted to the requisitioner's inventory record. Each logistics pipeline segment involved in the processing of a requisition has been assigned a portion of the total time available. Individual segment standards should not be considered inviolate when subsequent savings in time and improved service may be achieved. Each processing activity should attempt (considering limitations imposed by higher authority) to compensate for time lost in processing by other activities.

C5.6.1.2. Customers of the logistics system shall use the proper combinations of priority designators, OSD and CJCS project codes, and Required Delivery Dates (RDDs) to identify the relative priorities of their demands for materiel from the supply system and to separately identify the response time required of the distribution and transportation systems.

C5.6.1.3. IMMs shall design their systems and allocate their resources to meet the priority and service levels that are dictated by the priority designators, RDDs, and approved OSD and CJCS project codes used by the customers.

C5.6.1.4. Storage activities and transportation management activities shall design their systems and allocate their resources to meet the priority and service levels that are dictated by the priority designator and the RDD assigned by the customers.

C5.6.1.5. Materiel shall be supplied to users on time, subject to constraints of resources and capability. The UMMIPS time standards shall be considered overall logistics system limits for the satisfaction of materiel requirements. Operational systems shall be designed to meet and, where economically possible, to surpass the prescribed time standards.

C5.6.1.6. Storage activity and transportation management personnel shall work in close coordination to ensure that the customer requirements are satisfied both in terms of the issue of the requisitioned materiel and the delivery time.

C5.6.1.7. All levels of logistic management shall share the responsibility for maintenance of the priority system and exercise intensive surveillance to ensure a disciplined operating-level application of UMMIPS criteria. Activity requisitioning priority guidelines and performance statistics shall be established, maintained, and monitored.

C5.6.2. Procedures

C5.6.2.1. Customers shall determine and communicate the supply transportation system response time requirements by the use of a priority designator and the designation, or non-designation, of an RDD. The response times applicable to each pipeline segment of the logistics system are displayed in Appendix 8 as "UMMIPS time standards." If the customer does not specify a RDD, the customer should expect the total time from order placement to receipt to be within the total order-to-receipt time depicted in Appendix 8.

C5.6.2.2. On receipt of the customer requisition, the IMMs shall allocate on-hand materiel stocks and issue materiel release orders to storage activities or take procurement actions in accordance with the sequence specified in DoD 4000.25-1-M (reference (n)).

C5.6.2.3. Storage and transportation managers shall coordinate their efforts closely to ensure that customer requirements are processed such that delivery of materiel to the customer is effected within the overall order-to-receipt time shown in Appendix 8.

C5.6.2.4. All requirements with an RDD of "999", "N_ _", or "E_ _" shall be processed on a 24-hour basis, 7 days a week. All other requirements shall be processed during the normal workweek. Work shifts may be adjusted on the basis of volume to meet UMMIPS time standards. The DoD Components shall ensure that the capability is maintained to process requirements 7 days a week, 24 hours a day to implement authorized contingency plans. The Heads of the DoD Components may institute judicious on-call staffing programs to satisfy those provisions. Information processing systems shall be scheduled and operated to ensure the daily flow of information to customers.

C5.6.2.5. To gauge logistic system timeliness in meeting UMMIPS standards, the performance data collection system developed and coordinated by the System Administrator for the Logistics Metric Analysis Reporting System (LMARS) shall be used to produce applicable effectiveness reports.

C5.7. MATERIEL DISPOSITION

C5.7.1. Policy

C5.7.1.1. Materiel available in the materiel disposition system shall be used to the extent practicable to prevent concurrent procurement and disposal, or to prevent the repair of unserviceable items when serviceable items are available.

C5.7.1.2. Reutilization, transfer, and donation screening times shall be as short as practicable to expedite the disposal of materiel.

C5.7.1.3. Sales shall be done after screening has been completed and demilitarization requirements have been accommodated.

C5.7.1.4. The DoD Components shall identify and apply applicable controls, worldwide, over materiel to prevent its unauthorized use. Materiel that is designated by the OSD to require demilitarization, or that is related to articles on the U.S. Munitions List under 22 CFR 121 or the Commerce Control List under 15 CFR 774 (references (yy) and (zz)) and found by the DoD Components to have, directly or indirectly, a significant military utility or capacity, shall be controlled and demilitarized to the extent necessary to eliminate its functional or military capabilities. (See DoD 4160.21-M-1, reference (ddd)).

C5.7.1.5. Under 10 U.S.C. 2576 (reference (bbb)), the Department of Defense may sell to State and local law enforcement and firefighting agencies at fair market value surplus pistols, revolvers, shotguns, rifles (of a caliber not exceeding .30), and ammunition for these weapons; gas masks; and protective body armor that have survived all required screening.

C5.7.1.6. Under Section 203(j)(2) or the "Federal Property and Administrative Service Act of 1949," as amended (40 U.S.C. 484(j)(2) (reference (ccc)), certain DoD surplus personal property may be made available to Military Service educational activities to foster and encourage the educational purposes of such activities.

C5.7.1.7. The DoD Components that generate precious metal-bearing scrap or residual material or require precious metals shall participate in the Precious Metals Recovery Program (PMRP), as established by the Director, DLA. (See DoD 4160.21-M, reference (aaa)).

C5.7.1.8. The DoD Components shall use materials recovered under the PMRP for authorized internal use or as GFM to reduce new procurement costs.

C5.7.1.9. The DoD Components shall use reclamation instead of procurement or repair to obtain components to meet current requirements when it is timely and economical to do so. Current requirements are those within the AAO.

C5.7.1.10. Under 40 U.S.C. 512(a) (reference (ccc)), the DoD Components may transfer foreign excess personal property for foreign currencies or credits, substantial benefits, or the discharge of claims resulting from the compromise or settlement of such claims, in accordance with applicable law, when the DUSD(L) determines that the transfer is in the interests of the United States.

C5.7.1.11. Under 10 U.S.C. 2572 (reference (bbb)), the Military Departments may loan, give, or exchange documents, historical artifacts, and condemned or obsolete combat materiel to benefit the Department's historical collection and associated educational programs, in accordance with the provisions of DoD 4160.21-M and DoD 4160.21-M-1 (references (aaa) and (ddd)).

C5.7.2. Procedures

C5.7.2.1. The Director, DLA, shall administer the Defense Material Disposition Program including reutilization, transfer, donation, sales, loans, gifts, hazardous property disposal, PMRP, demilitarization, and trade security controls. Detailed policy and procedures for materiel disposition is in DoD 4160.21-M (reference (aaa)). Detailed demilitarization policy and procedures are in DoD 4160.21-M-1 (reference (ddd)).

C5.7.2.2. Chapter 2 of DoD 4160.21-M and Chapter I of DoD 4160.21-M-1 (references (aaa) and (ddd)) delineate the responsibilities of the DoD Components.

C5.8. SETS, KITS, AND OUTFITS

C5.8.1. Policy

C5.8.1.1. The DoD Components shall ensure adequate levels of sets, kits, outfits, and component items based on demand experience. Kit assembly instructions shall be given to applicable activities to ensure timely replenishment of stock levels, consistent with the availability of component items.

C5.8.1.2. Before disposing of sets, kits, or outfits, the wholesale item manager shall review the requirements and potential usefulness of all component items. Any item that is identified as "excess" or "potential excess" must be reported or offered to other DoD wholesale managers that stock, store, and

issue the item. The item manager directing reshipment, disassembly, or disposal shall coordinate and issue disposition instructions for excess sets, kits, outfits, and components items.

C5.8.2. Procedures. Preparation, processing, and distribution of documentation for the systematic and timely reutilization or disposal of excess sets, kits, outfits, and component items shall be in accordance with standard DoD, Military Department, and DLA detailed procedures.

C6. CHAPTER 6

OTHER LOGISTICS PROGRAMS

C6.1. NEW CLOTHING AND TEXTILE ITEMS

C6.1.1. Policy

C6.1.1.1. The introduction of new clothing and textile items into the DoD supply system, as a result of proposed DoD Component action, shall be planned and coordinated with the DLA to ensure optimal economic use of all existing stocks of affected items.

C6.1.1.2. Clothing and textile items should be subject to the highest degree of standardization possible while preserving the distinctiveness necessary to maintain high morale in the Services and essential for continued combat readiness and effectiveness. The variety of items shall be minimized, consistent with effective support of military operations. In all cases where no compelling military requirement exists for deviating from commercial specifications for a clothing or textile item, the using DoD Components shall adopt the commercial specification.

C6.1.2. Procedures

C6.1.2.1. Research, Development, Test and Engineering (RDT&E) efforts associated with clothing and textile development must be coordinated to facilitate item standardization among the DoD Components when standardization may be achieved without jeopardizing the Components' ability to maintain combat readiness or accomplish their missions.

C6.1.2.1.1. Such coordination shall do the following:

C6.1.2.1.1.1. Include the maximum participation of potential users during the development and execution of test plans.

C6.1.2.1.1.2. Provide for integration and consolidation of development efforts where applicable.

C6.1.2.1.1.3. Provide the DLA with advance planning information on items that are candidates for introduction into the DoD supply system.

C6.1.2.1.2. When RDT&E projects on clothing and textile items that are subject to standardization reach the advanced development or engineering development phase:

C6.1.2.1.2.1. The initiating DoD Component shall formally coordinate with the other DoD Components.

C6.1.2.1.2.2. The DoD Components that receive requests for formal coordination shall review the development and/or test plan and formally provide any additional requirements that they desire.

C6.1.2.1.2.3. The DLA shall inform all interested DoD Components of any existing items that may satisfy the stated requirement.

C6.1.2.2. After the initiating DoD Component completes the development of a proposed new item and is satisfied that it will meet the requirements of potential users, the DLA shall coordinate the proposal with each potential user before final adoption of the item.

C6.1.2.2.1. When applicable, proposals should address the cost considerations, phasing schedules, and budgetary issues associated with new item introductions.

C6.1.2.2.2. When the new item is a replacement clothing item, the initiating DoD Component shall prepare a phase-in schedule for the new item and an inventory reduction plan for residual stocks of the old item while the new item is being procured.

C6.1.2.2.2.1. The DLA shall evaluate DoD Component proposals for the introduction of new items to determine the effect that the scheduled introduction of a new item will have on existing wholesale and retail stocks.

C6.1.2.2.2.2. The Director, DLA, shall advise the DUSD(L), either initially or during the introduction process, when the residual wholesale and retail stocks of both the end item and the constituent textiles are estimated to exceed $1 million in value on the effective date of supply of the new item.

C6.1.2.2.3. The DLA shall concur in DoD Component proposals or recommend alternatives for introduction dates and length of time required to get funds for the initial procurement of each new item.

C6.1.2.2.4. The DUSD(L) shall review the item proposals and recommendations of the DoD Components when necessary to resolve differences and make final decisions.

C6.1.2.2.5. The initial investment and the acquisition of inventory levels required to satisfy demands up to the effective date of supply is the financial responsibility of the DoD Component that is requesting the new item.

C6.1.2.2.5.1. New items requests that carry financial responsibility are, as follows:

C6.1.2.2.5.1.1. An initial introduction;

C6.1.2.2.5.1.2. A change in use that will increase the quantities required; or

C6.1.2.2.5.1.3. Use of the item by a Service that was not formerly using the item. A DoD Component does not incur any financial responsibility if it is using an item and decides to use an additional size that is currently being used by one or more other DoD Components and requires no change to allow for the expanded usage.

C6.1.2.2.5.2. The Military Service(s) with the requirement for the new clothing or textile item must submit a funded order to the DLA to cover the cost of acquiring a sufficient quantity of the articles, including approved safety levels, to satisfy anticipated demand until delivery may be expected from the second contract for the item. The DLA shall not order the item until such funding is received.

C6.1.2.2.5.3. Billings presented to the Military Services for the costs of new item introduction shall include an offset for the value of the items being replaced, provided the timing of the introduction of the new items is deferred sufficiently to provide for the sale of the existing inventory. That offset may be adjusted to provide for any costs or income associated with disposal of the items being replaced.

C6.1.2.3. Working capital funds may be used to procure and stock optional uniform clothing items in the DoD supply system for sale to military retail clothing sales stores for resale to individual Service members. Optional uniform clothing items are defined as those items that are authorized for wear by members of the Military Services when bought with their personal funds but are neither supported by the Armed Forces Clothing Monetary Allowance nor required as part of a prescribed duty uniform.

C6.1.2.3.1. The Military Services shall notify the DLA when an optional uniform clothing item is authorized but is to be introduced only through the Military Exchange Systems or other sources of supply.

C6.1.2.3.2. The Military Services shall ensure that the Military Exchange Systems notify the DLA before introducing any optional uniform clothing that is equivalent to a standard item stocked in the DoD supply system.

C6.1.2.4. These standardization guidelines are established for use during the development and introduction of new items:

C6.1.2.4.1. Clothing items, including combat, field, fatigue, special purpose clothing, underwear, and individual equipment should be standardized insofar as functionality, maintenance of combat readiness, and mission accomplishment

permit. Any desired distinctiveness should be obtained by the use of separate items of insignia, and patches; etc.

C6.1.2.4.2. Blankets, towels, bedspreads, table linen, and other items in Federal Supply Class 7210, "Household Furnishings," shall be standardized except in cases of justifiable differences. Distinctive markings that may prevent standardization shall not be used.

C6.1.2.4.3. The DoD Components should actively seek to reduce costs by standardization of basic materials and accessories.

C6.2. EXCHANGE OR SALE OF NONEXCESS PERSONAL PROPERTY

C6.2.1. Policy. In acquiring personal property, the DoD Components may exchange or sell eligible nonexcess items. The exchange allowance or process may be applied in whole or partial payment for the item acquired. This authority shall be used to the maximum extent consistent with the economical and efficient accomplishment of an approved program.

C6.2.2. Procedures

C6.2.2.1. Under 40 U.S.C. 481(c) (reference (ccc)), any equipment, including repair parts, may be exchanged or sold subject to part 101-46 of the Federal Property Management Regulation (reference (eee)) and these limitations:

C6.2.2.1.1. The application of exchange or sale allowances as whole or partial payment in the acquisition of personal property is authorized only when these conditions apply:

C6.2.2.1.1.1. The item or items to be exchanged or sold are similar to the item or items to be acquired.

C6.2.2.1.1.2. The item or items to be exchanged or sold are not excess and the item or items to be acquired are required for approved programs.

C6.2.2.1.1.3. The item or items to be acquired replace and perform substantially all functions of the item or items being exchanged or sold. A written administrative determination of economic advantage has been prepared by the acquiring activity. That determination shall show the following:

C6.2.2.1.1.3.1. The anticipated economic advantage to the Government resulting from the use of the exchange or sale authority.

C6.2.2.1.1.3.2. That exchange or sale allowances shall be applied in payment for the items to be acquired.

C6.2.2.1.1.3.3. That if required, the property has been made safe or innocuous, or has been demilitarized.

C6.2.2.1.2. In documenting exchange or sale transactions, detailed cross-reference between old and new items is not required, but records shall be maintained that are adequate to substantiate that the items acquired were similar to the items exchanged or sold and that any exchange or sale allowances applied as whole or part payment for property acquired were, in fact, available for such application.

C6.2.2.1.3. Exchange or sale transactions may not be executed when items are in Federal Supply Classification Groups (FSCGs) 10-12, 14, 15 (except 1560), 42, 44, 51, 54, 68, 71, and 84 except with the approval of GSA. Waiver requests should be sent to: Office of Transportation and Person Property (MT), General Services Administration, Washington, DC 20405.

C6.2.2.1.4. The limitations in subparagraphs C6.2.2.1.1 through C6.2.2.1.3, above, may not be construed to authorize:

C6.2.2.1.4.1. The acquisition of personal property that is not authorized by law.

C6.2.2.1.4.2. The acquisition of personal property in contravention of any other restrictions on procurement of commodities or any established replacement policies or standards issued by the President; the Congress; the Administrator, GSA; or the Secretary of Defense, or designee.

C6.2.2.1.4.3. The exchange or sale of excess or surplus property even through otherwise eligible in the acquisition of personal property.

C6.2.2.1.4.4. The use of exchange or sale authority for the exchange or sale of strategic or critical materiel, except as authorized by the DUSD(L).

C6.2.2.1.4.5. The use of exchange or sale authority for the exchange or sale of Nuclear Regulatory Commission-controlled materiel.

C6.2.2.1.4.6. The exchange or sale of controlled substances, except in accordance with DoD 4160.21-M-1 (reference (ddd)).

C6.2.2.1.4.7. The exchange or sale of scrap materiel, except in the case of scrap gold for fine gold.

C6.2.2.1.4.8. The exchange or sale of property otherwise eligible that was acquired from another Agency or a DoD Component as "nonexcess," "excess," or "surplus," unless that property was in use for 1 year after acquisition.

C6.2.2.2. Property acquired by exchange shall be recorded at acquisition cost. The credit received from the exchange is considered to be the selling price of exchanged property and is to be accounted for as a gain or loss on the sale of property.

C6.3. UNIQUE ITEM TRACKING (UIT)

C6.3.1. Policy. Standard, cost-effective UIT programs shall be established within the Department of Defense for selected items to maintain visibility of each uniquely identified asset for the primary purpose of inventory control and/or engineering analysis. Security, accountability, safety, maintenance, operational readiness, warranty applicability, and other areas that may benefit from the tracking process shall be subsets of the inventory control or engineering analysis functions.

C6.3.2. Procedures

C6.3.2.1. This section:

C6.3.2.1.1. Applies to all DoD Components and to the DoD Unique Item Tracking Committee (UITC) whose Charter is at Appendix 14.

C6.3.2.1.2. Mandates minimum requirements for approval and operation of DoD UIT programs.

C6.3.2.1.3. Establishes and charters the DoD UITC for continuous program improvement, identification of inter-Component problems, and formulation of workable solutions.

C6.3.2.1.4. Establishes the authority for the UIT program procedures, transactions, and conventions of the DLMS, administered under Section C2.1 of this Regulation, which ensures uniform execution of the DoD policy.

C6.3.2.2. UIT data shall be exchanged using standard DoD logistics system transactions and logistics systems.

C6.3.2.3. All UIT programs shall include provisions for data entry and tracking using automated information technology.

C6.3.2.4. National-level Unique Item Tracking (NUIT) programs shall be established when visibility of selected items is required throughout a Component's organization or that of the entire Department of Defense. Local-level unique item tracking (LUIT) programs shall be established when visibility of items is required at a local level for a specific process, operation, or function.

C6.3.2.5. The DoD Small Arms Serialization Program (DoDSASP) is the recognized NUIT program for all small arms, as defined in Chapter 12 of DoD 4000.25-2-M (reference (p)). Security risk Category I non-nuclear missiles and rockets shall

be included in the DoDSASP only if the asset and physical custodian are not tracked in the Service internal Supply Class V tracking systems which will be considered as NUIT programs.

C6.3.2.6. Programs approved for LUIT or intra-Component NUIT shall not impact the operations or logistics systems of other Components; programs approved for LUIT shall not impact operations or functions beyond the local level.

C6.3.2.7. A Unique Item Identifier (UII) shall be assigned to individual assets of an item being controlled or managed under a UIT program.

C6.3.2.8. UIT Program Identification and Approval

C6.3.2.8.1. Before being approved, all UIT programs must be subjected to an analysis that clearly shows such tracking is beneficial, cost-effective, and adds to operational readiness.

C6.3.2.8.2. All UIT programs shall be documented and submitted to a single point within each Component for review, Component approval, and submission to the DoD UITC. NUIT programs must be approved by the UITC to ensure the proper exchange of UIIs between Components. LUIT programs are registered with the Component UITC representative and need not undergo a formal approval by the UITC, as long as no inter-Component exchange is involved.

C6.3.2.8.3. The DoD UITC shall maintain a record of all NUIT programs.

C6.3.2.8.4. The DoD Components shall notify the UITC of all discontinued NUIT programs.

C6.3.2.9. UII Assignment and Controls

C6.3.2.9.1. An individual asset within a UIT program shall be identified with a UII. UIIs shall be used only to uniquely identify an individual asset used within the Department of Defense. A UII may be the item's serial number, or the vehicle identification number; etc., as long as no other UIT asset has the same identifier within its NSN or National Item Identification Number.

C6.3.2.9.2. UIIs shall be assigned for all assets within the supply system that have been approved for NUIT.

C6.3.2.9.3. System design efforts shall provide for use of the UII for UIT programs and for the exchange of UIT data using DLMS transactions.

C6.3.2.10. The establishment of overall policy, direction, and oversight is the responsibility of the DUSD(L).

C6.3.2.11. The DoD Components Shall Do the Following:

C6.3.2.11.1. Ensure logistics systems redesign includes the standardization of policies in this Regulation.

C6.3.2.11.2. Assign a central control point within the Component, and subordinate elements as needed, to ensure UIT program implementing procedures and practices conform with the requirements of this section, and to do the following:

C6.3.2.11.2.1. Identify assets requiring UIT and document the purpose and scope of the program.

C6.3.2.11.2.2. Submit Component-approved UIT programs to the DoD UITC for final approval of National-level programs.

C6.3.2.11.2.3. Maintain a register of all LUIT programs.

C6.3.2.11.3. Designate primary and alternate representatives to serve on the DoD UITC.

C6.3.2.11.4. Establish UIT as an element to be addressed in annual internal management control assessments required by DoD Directive 5010.38 (reference (rr)).

C6.3.2.11.5. Ensure that adequate training is provided to personnel who perform functions affecting UIT and training courses are updated to teach current DoD policies and procedures.

C6.3.2.12. The Director, DLMSO, Shall Do the Following:

C6.3.2.12.1. Ensure that the DLMS provides full inter-Component UII tracking capability and that implementation conventions require use of the UII for UIT programs.

C6.3.2.12.2. Chair the DoD UITC.

C6.3.2.12.3. Staff changes to the DLSS or the DLMS that are recommended by the DoD UITC.

C6.3.2.13. The DoD UITC shall monitor DoD UIT programs and recommend conceptual and technological changes to improve such programs, in accordance with the UITC Charter in Appendix 14).

C6.4. DOD SMALL ARMS SERIALIZATION PROGRAM

C6.4.1. Policy. The DoDSASP shall provide special emphasis on, and visibility of, small arms by tracking, reporting, validating, and registering the status of each small arm by serial number and physical custodian.

C6.4.2. Procedures

C6.4.2.1. This Regulation establishes and charters the DoD Joint Small Arms Coordinating Group (JSACG) for continuous program improvement, identification of inter-Component problems, and the formulation of workable solutions to those problems. (Appendix 15 is the JSACG Charter.)

C6.4.2.2. The DoD Registry shall serve as the core of the DoDSASP and shall be updated by the DoD Components in accordance with the detailed procedures in Chapter 12 of DoD 4000.25-2-M and Chapter 19 of DoD 4000.25-M (references (p) and (m)). Deviations from those requirements, such as for small static inventories, require the concurrence of the JSACG and if necessary, the approval of DUSD(L).

C6.4.2.3. All small arms, as defined in Chapter 12 of reference (p) and Chapter 19 of reference (m), including those mounted on aircraft, vehicles, and vessels that are accounted for in unclassified property records, shall be reported to the DoD Registry, in accordance with the procedures in Chapter 12 of reference (p) and Chapter 19 of reference (m). Security Risk Category I non-nuclear missiles and rockets shall only be included in the DoDSASP if the asset and its physical custodian are not recorded in the Service internal Supply Class V tracking systems.

C6.4.2.4. The DUSD(L) shall establish policy and oversee the operation of the DoDSASP, including the JSACG.

C6.4.2.5. For small arms covered by the DoDSASP, the DoD Components shall establish, control, and fund the automated registration of all serial numbers in their inventories, including all small arms transferred outside their inventories, such as those released to the GSA and those released under foreign military sales arrangements.

C6.4.2.6. <u>The Secretaries of the Military Departments and the Director, DLA, Shall Do the Following</u>:

C6.4.2.6.1. Provide representatives for the JSACG.

C6.4.2.6.2. Provide logistics and ADP personnel participation, as required, to support JSACG efforts.

C6.4.2.6.3. Fund travel and administrative costs associated with JSACG reviews and meetings.

C6.4.2.7. <u>The Secretary of the Army Shall Do the Following</u>:

C6.4.2.7.1. Serve as the DoD Executive Agent for the operation and oversight of the DoD Registry.

C6.4.2.7.2. Fund the operation and maintenance of the DoD Small Arms Registry.

C6.4.2.7.3. Identify problems, violations, and deviations that arise during system operations and, as applicable, report them to the program administrator for resolution.

C6.4.2.7.4. Provide the DoD Executive Agents' DoD Central Registry Annual Operating Report of the DoD Registry to the DoD Small Arms Serialization Program Administrator. The annual operating report submission should coincide with the annual meeting of the JSACG.

C6.4.2.8. The DLMSO Shall Do the Following:

C6.4.2.8.1. Establish a program administrator to serve as the DoD focal point for the DoDSASP and to chair the JSACG and perform the responsibilities in the JSACG Charter (Appendix 15).

C6.4.2.8.2. Ensure compatibility of small arms serialization program procedures by the DoD Components.

C6.4.2.8.3. Ensure uniform implementation of DoD policy and procedures by the DoD Components.

C6.4.2.8.4. Provide applicable staffing and administrative support for the Chair, JSACG.

C6.4.2.9. The DoD Small Arms Serialization Program Administrator shall develop and publish procedural guidelines for small arms; coordinate proposed DLSS and DLMS changes, in accordance with this Regulation; and reconcile problems among the DoD Components.

C6.4.2.10. The DoD DLMS/DLSS System Administrator shall provide an advisory representative to the JSACG and publish JSACG-recommended changes to Chapter 12 of DoD 4000.25-2-M and Chapter 19 of DoD 4000.25-M (references (p) and (m)).

C6.4.2.11. The JSACG shall develop and recommend policy and devise program enhancements for the small arms serialization program in accordance with the JSACG Charter (Appendix 15).

C6.5. DOD FLIGHT SAFETY CRITICAL AIRCRAFT PART (FSCAP) PROGRAM

C6.5.1. Policy. The Department of Defense shall identify and control FSCAPs (see Appendix 16 for definition) throughout their life cycle to ensure only safe parts are installed on military aircraft or are released to the civil aircraft market through disposal sales, exchanges or other authorized transfers of DoD parts. The Department of Defense shall develop a criticality code structure to identify FSCAP items and ensure that used FSCAP items are mutilated if they are being disposed of without historical maintenance records. Loans, gifts, and exchanges made under 10 U.S.C. 2572 (reference (bbb)) that involve FSCAPs shall

be done in accordance with DoD 4160.21-M and DoD 4160.21-M-1 (references (aaa) and (ddd)).

C6.5.2. Procedures

C6.5.2.1. All FSCAPs shall be identified in the FLIS by an applicable criticality code.

C6.5.2.2. Only the inventory control point having management responsibility for an item may designate it as "FSCAP."

C6.5.2.3. Services desiring to have an item they do not manage designated FSCAP must coordinate the request with the managing inventory control point.

C6.5.2.4. The DoD Components shall designate an aircraft airworthiness authority who has design and configuration cognizance. During the acquisition of a FSCAP, any change of design or configuration shall require the concurrence of the designated authority.

C6.5.2.5. The acquisition specifications for FSCAP shall have this notification on the title page: "This specification is for a Flight Safety Critical Aircraft Part (FSCAP) and acquisition process must comply with the DoD Materiel Management Regulation - DoD 4140.1-R."

C6.5.2.6. Where practical, reparable FSCAPs shall be managed and tracked throughout their life cycle by serial number.

C6.5.2.7. The minimum documentation requirements for used FSCAPs are, as follows:

C6.5.2.7.1. Part identification-part number, NSN, and, for reparable FSCAPs, serial number.

C6.5.2.7.2. Manufacturer, CAGE code, and date of manufacture.

C6.5.2.7.3. Total time in service.

C6.5.2.7.4. Current status for life-limited parts.

C6.5.2.7.5. Time since the last overhaul of each part that is required to be overhauled on a specified time basis.

C6.5.2.7.6. Identification of current inspection status, including time since last required inspection or maintenance performed.

C6.5.2.7.7. Current status of applicable FAA airworthiness directive (AD) or DoD equivalent technical orders,

including the date and method, and if the AD involves recurring action, time, and date when the next action is required.

C6.5.2.7.8. A list of current major alterations, repairs or modifications for each part including date that work was done and work authentication.

C6.5.2.8. The minimum documentation requirements for new FSCAPs are, as follows:

C6.5.2.8.1. Part identification-part number, NSN, and, for reparable FSCAPs, serial number;

C6.5.2.8.2. Manufacturer, CAGE code, and date of manufacture.

C6.5.2.9. All historical documentation shall go with individual FSCAP items when they are shipped to another user, to maintenance, or to DRMO for disposal.

C6.5.2.10. The DUSD(L) shall establish and maintain FSCAP policy and ensure DoD Component compliance with that policy.

C6.5.2.11. The DoD Components shall:

C6.5.2.11.1. Ensure that improperly documented, defective, nonrepairable, and time expired FSCAP are mutilated prior to disposal, exchange, or transfer outside of the Department of Defense.

C6.5.2.11.2. Incorporate the standard DoD FSCAP definition in their DoD Regulations, Directives, and Instructions.

C6.5.2.11.3. Establish a process for identification of FSCAP consistent with the DoD definition.

C6.5.2.11.4. Identify and code parts and components meeting the FSCAP definition during the acquisition process.

C6.5.2.11.5. Identify and assign a criticality code to all FSCAP parts or components during the provisioning process.

C6.5.2.11.6. Update current cataloging data for existing NSNs to identify FSCAP items.

C6.5.2.11.7. Manage and track serialized reparable FSCAPs throughout their life cycle within the Department of Defense.

C6.5.2.11.8. When available, request, obtain, and maintain the FAA Form 8130-3, "Airworthiness Approval Tag," from the original equipment manufacturer.

C6.5.2.11.9. Ensure that historical maintenance documentation and/or the FAA Form 8130-3 are included for all FSCAP items that are shipped from one DoD Component to another or turned into the DRMO.

C6.5.2.12. The DLA Shall Do the Following:

C6.5.2.12.1. Institute a process to obtain data necessary for sale of the FSCAP to include as a minimum the documentation defined in paragraph C6.5.2.7., below.

C6.5.2.12.2. Provide executive direction and control to ensure disposal is administered under all legal and regulatory requirements.

C6.5.2.12.3. Incorporate procedures in DoD 4160.21-M (reference (aaa)).

C6.5.2.12.4. Verify that FSCAP items entering the property accounts of the DRMOs are mutilated if the items are lacking the documentation cited in subparagraphs C6.5.7.1 through C6.5.7.8, above, for used items or subparagraphs C6.5.8.1 through C6.5.8.2, above, for new items.

C6.5.2.12.5. Require as a condition of transfer, donation, or sale of a FSCAP item to an Agency or person(s) outside of the Department of Defense that these stipulations shall be met:

C6.5.2.12.5.1. All public agencies, organizations, or person(s) that acquire or receive a FSCAP item are responsible for maintaining historical maintenance documentation.

C6.5.2.12.5.2. Should additional operational use of FSCAP occur after transfer, the using agency is responsible for updating historical records to reflect additional use and maintenance.

C6.5.2.12.5.3. The using agency is responsible for maintaining the FSCAP and providing the information described in paragraph C6.5.2.7, above.

C6.5.2.12.5.4. When a FSCAP is no longer required, the donee of a FSCAP must certify to the DLA that all requirements for transfer have been met before subsequent transfer. When the FSCAP is determined to be unsalvageable, the part must be mutilated and properly disposed.

C6.6. HAZARDOUS MATERIALS

C6.6.1. Policy

C6.6.1.1. Hazardous materials storage and handling policies, procedures, and methods at DoD Component's

installations and activities shall be as uniform as possible. The DoD Components that handle hazardous materials or operate hazardous materials management systems or hazardous minimization centers with hazardous materials management programs (i.e. Consolidated Hazardous Materials Inventory Management System, Hazardous Substances Management System, or a Pharmacy Concept) shall follow guidelines and policy set forth by the Department of Defense and their respective headquarters.

C6.6.1.2. The DoD Components shall reduce hazardous materials use and long-term storage as much as possible. When ordering, users shall give priority to the selection of environmentally friendly or nonhazardous substitutes. Hazardous materials should be delivered by the most direct means possible and with the least amount of handling to reduce product damage and potential harm to the environment. Additionally, hazardous materials should be ordered in the quantities needed and properly used within their shelf-life to reduce hazardous waste and to promote personnel safety and DoD-community relations.

C6.6.1.3. The DoD Components shall protect and train personnel who handle hazardous materials.

C6.6.2. Procedures

C6.6.2.1. The DoD Components shall comply with applicable Federal, State, local, and host-nation laws, in addition to applicable DoD Directives, Instructions, and Regulations; etc., on the environmental effects, distribution, storage, use, handling, and transportation of hazardous materials and hazardous wastes, including radioactive items. The procedures governing the movement of hazardous material are in DoD 4500.9-R (Part II) (reference (jj)).

C6.6.2.2. Ammunition and explosives, defined as "United Nations Class 1 items," regardless of division, form a unique subset of hazardous materials. Receipt, storage, and handling of ammunition and explosives at DoD activities are governed by DoD 6055.9-STD (reference (fff)) and DoD ammunition and explosives safety Manuals and Regulations.

C6.6.2.3. The procedures in DLAR 4145.25/AR-700-68/NAVSUPINST 4440.128C/MCO 10330.2C/AFR 67-12 (reference (ggg)) govern the storage and handling of compressed gases and liquids in cylinders as well as the storage and handling of the cylinders themselves. Full and empty compressed gas cylinders in the DoD supply system shall be classified uniformly as to condition status. The Components shall ensure that storage practices maintain serviceability with minimum costs and that products delivered to customers are satisfactory for their intended use.

C6.6.2.4. The procedures in the TM 38-410/NAVSUP PUB 573/AFR 69-9/MCO P4450.12/DLAM 4145.11 (reference (hhh)) govern the storage and handling of hazardous materials.

C6.6.2.5. All DoD Components shall follow the procedures in DLAM 4145.8/AR 700-64/NAVSUPINST 4000.34B/AFR 67-8/MCO P4400.105C (reference (iii)) to control radioactive items. That requirement does not apply to nuclear reactors and nuclear weapons, except for components and ancillary equipment that are common to other end items of supply or unique radioactive materials used as research, test or production devices.

C6.6.2.6. All DoD Components responsible for material research and development shall ensure that non-radioactive and non-hazardous substitutes are used when feasible and less hazardous than the radioactive materials or hazardous materials currently in use.

C6.6.2.7. All DoD proposals to introduce radioactive materials into the DoD supply system must include a justification and a cost-benefit analysis that considers personnel safety and includes a comparison of alternative methods.

C6.6.2.8. All DoD material managers shall ensure that all hazardous materials are properly identified in automated data processing systems (e.g., Hazardous Materials Information System, Distribution Standard System, Environmental Reporting Logistics System) and shall coordinate with the licensee or authorized Component's radiological focal point to identify radioactive items used as components and ancillary equipment common to other end items.

C6.6.2.9. The DoD Components shall demonstrate leadership in pollution abatement and cooperate in abatement programs with local communities. The DoD Components shall incorporate environmental protection and safety measures into operations, tests, exercises, and projects for rehabilitation or modification of existing structures and new construction.

C6.6.2.10. Local unions shall be advised of the types of hazardous materials being handled and stored at an installation.

C6.7. POLICY ON LOGISTICS SUPPORT OF U.S. NON-DOD OR NON-GOVERNMENT, AGENCIES, AND INDIVIDUALS IN OVERSEAS MILITARY COMMANDS

C6.7.1. Policy

C6.7.1.1. Overseas commanders may provide supplies and services on a reimbursable basis to eligible U.S. non-Governmental, nonmilitary Agencies, and individuals who directly assist the overseas commander in carrying out the U.S. Government mission. The overseas commander shall decide if an Agency or individual is eligible to receive such logistics support.

C6.7.1.2. The logistics support that an overseas commander provides to non-Governmental, nonmilitary Agencies, or

individuals in a foreign country shall be subject to the terms of the following:

C6.7.1.2.1. Any agreement between the United States and the government of the foreign country restricting categories of organizations and persons to whom support may be extended and/or classes and kinds of supplies and services that may be provided.

C6.7.1.2.2. Any contract for the provision of supplies or services that limits recipients or beneficiaries of such supplies or services.

C6.7.2. Procedures

C6.7.2.1. Normally, support (e.g., office space, telephones) shall be limited to that which is necessary for the Agencies or individuals to perform their specific functions and to when they are engaged exclusively in U.S. Government activities and not in commercial activities with foreign nationals.

C6.7.2.2. In emergency situations resulting in hardships, logistics support may be provided on a reimbursable basis to Agencies and individuals not otherwise eligible until other adequate facilities are available.

C6.8. AMMUNITION STRATIFICATION, REPORTING, AND CROSS LEVELING

C6.8.1. General Requirement

C6.8.1.1. Policy. The Military Services shall stratify all conventional ammunition inventory to assess adequacy of the inventory to meet stated requirements, ensure inventory above requirements is kept only if warranted, increase the redistribution or cross-leveling of inventory in long supply from one Military Service to satisfy shortages in the other Military Services. The Military Services shall use stratification and cross leveling procedures to optimize the DoD ammunition posture, avoid unnecessary procurements and reduce potential DoD excess, which will eventually require demilitarization.

C6.8.1.2. Procedures. The Military Service shall apply the policies and procedures in this Section to all conventional ammunition, including ammunition managed by the Single Manager for Conventional Ammunition (SMCA) under DoD 5160.65-M (reference (jjj)), tactical missiles, and all other Military Service managed conventional munitions. Toxic chemical and special weapons are excluded.

C6.8.2. Munitions Stratification

C6.8.2.1. Policy

C6.8.2.1.1. At least annually, each Military Service shall stratify its conventional munitions inventory into these categories:

C6.8.2.1.1.1. Requirement Related Munitions Stock (RRMS). The inventory of munitions stock, including preferred and substitutes, applied to the total munitions requirements (TMR) during stratification. Munitions stocks held in inventory beyond the RRMS are subject to classification as economic retention munitions stock (ERMS), contingency retention munitions stock (CRMS), or potential reutilization and/or disposal stock (PR/DS).

C6.8.2.1.1.2. ERMS. The inventory quantity of an item greater than the RRMS that is found through economic analysis to be more cost effective to retain for future peacetime issues versus disposing of it and reacquiring it in the future to meet projected requirements. To warrant economic retention, an item must have a reasonably predictable future requirement or demand rate. Economic retention quantities are normally calculated through use of formulas considering future requirements, disposal and future acquisition costs versus the cost of retention.

C6.8.2.1.1.3. CRMS. The inventory quantity of an item that is greater than the total munitions requirement that normally would be identified as potential reutilization stock except for a determination to keep it for specific national defense purposes.

C6.8.2.1.1.4. PR/DS. The inventory quantity of an item that is greater than the sum of RRMS, ERMS and CRMS. PR/DS is considered excess to the Military Services' need, but has not yet been found to be excess to all DoD needs.

C6.8.2.1.2. The Military Services shall provide visibility of munitions in their inventories by providing their annual munitions stratification report to each other, to include the USCG and the U.S. Special Operations Command (USSOCOM).

C6.8.2.2. Procedures

C6.8.2.2.1. Internal Stratification Reports. At least annually, each Military Service shall create an internal munitions stratification report.

C6.8.2.2.1.1. The report shall display the Services' RRMS, ERMS, CRMS, PR/DS, and TMR.

C6.8.2.2.1.1.1. The TMR is the sum of war reserve munitions requirements and training, testing, and current operational requirements. In DoDI 3000.4 (reference (kkk)), the TMR is defined as equivalent to the AAO.

C6.8.2.2.1.1.2. The Military Services may also include other elements that are applicable to internal Service-level inventory management.

C6.8.2.2.1.2. The report shall be the basis for providing these 2 additional reports:

C6.8.2.2.1.2.1. An annual external munitions stratification report to the other Services. That report shall display only those munitions stratified in long supply categories of ERMS, CRMS, and PR/DS.

C6.8.2.2.1.2.2. An annual summary level munitions stratification report to the DUSD(L) under subsection C6.8.2.2.2, below.

C6.8.2.2.2. Summary Stratification Report

C6.8.2.2.2.1. Each year the Military Services shall submit to the DUSD(L) a summary ammunition stratification report. The data shall be taken from the Services' 30 September ammunition stratification report. The Air Force may use its 31 March ammunition stratification report.

C6.8.2.2.2.2. Data shall be at the Service level. The report shall show the dollar value of the TMR, total munitions inventory, RRMS, ERMS, CRMS, and PR/DS.

C6.8.2.2.2.3. The report is due the end of each January. Copies of the report shall be provided to the Joint Staff/J4-SMPED, the Office of the Under Secretary of Defense (A&T)/S&TS, and the Office of the Executive Director for Conventional Ammunition (AMXED).

C6.8.2.2.3. Details relative to ammunition inventory stratification procedures are in DoD 5160.65-M (reference (jjj)).

C6.8.3. Munitions Cross Leveling

C6.8.3.1. Policy

C6.8.3.1.1. The Military Services shall cross level or redistribute munitions in long supply from one Service to the other Service against that Service's unfilled requirements for those munitions. Munitions cross leveling is defined as "the transfer of ownership of ERMS, CRMS and PR/DS munitions between the Military Services (including the USCG and USSOCOM) for application against a TMR shortfall."

C6.8.3.1.2. All ammunition stratified in long supply categories shall be cross leveled between the Services on a free issue basis.

C6.8.3.1.3. All ammunition inventory that is excess to Service requirements shall be screened by the other Services prior to transferring it to the demilitarization account as DoD excess, except when safety issues require immediate disposal.

C6.8.3.2. Procedures

C6.8.3.2.1. Each Military Service shall review the other Services' annual external munitions stratification reports to identify potential cross leveling opportunities and request logistics data for items of interest.

C6.8.3.2.2. Each Military Service shall consider all stock in ERMS, CRMS, and PR/DS as potentially available for cross leveling if other Services have shortages in their RRMS. The owning Service shall decide on the final availability of ERMS and CRMS after assessing the acceptability of risk associated with draw down of the stockpile.

C6.8.3.2.3. Each Military Service shall maintain records that document cross leveling activity.

C6.8.3.2.4. Details relative to munitions cross leveling procedures are in DoD 5160.65-M (reference (jjj)).

C6.8.4. Requirements Computation Key To Stratification and Cross Leveling

C6.8.4.1. Policy. To compute the TMR, the Military Services and the USSOCOM shall use the capabilities-based munitions requirement process described in DoDI 3000.4 (reference (kkk)), in conjunction with amplifying Service guidance and the implementing guidance as stated in the current edition of the Defense Planning Guidance of the Secretary of Defense.

C6.8.4.2. Procedures. Procedures for determining the TMR are in DoDI 3000.4 (reference (kkk)).

C6.8.5. Retention Computation Key To Stratification and Cross Leveling

C6.8.5.1. Policy. The Military Services shall determine the need to retain ERMS. That determination shall be based upon the projected need for the stock beyond the POM period and shall be supported by an economic analysis of the cost to retain versus the cost to procure.

C6.8.5.2. Procedures. Details relative to the methodologies used to compute economic retention levels for munitions are in DoD 5160.65-M (reference (jjj)).

C6.8.6. Munitions Reporting in the SSIR

C6.8.6.1. Policy

C6.8.6.1.1. The supplemental SSIR reporting guidance for Class V ammunition inventory described in this subsection shall be used in conjunction with the basic reporting guidance in section C4.7, above.

C6.8.6.1.2. All Class V ammunition inventory shall be included in the annual SSIR report. The exclusion under subparagraph C4.7.2.2.2, above, does not apply to ammunition inventory.

C6.8.6.2. Procedures

C6.8.6.2.1. All Class V ammunition inventory shall be valued at its latest acquisition price as in subparagraph C4.7.1.2.1., above, and shall not be devalued as in subparagraphs C4.7.1.2.2. and C4.7.1.2.3., above.

C6.8.6.2.2. All Class V ammunition inventory shall only be reported under these 2 principal item materiel categories:

C6.8.6.2.2.1. Munitions and Related Equipment (subparagraph C4.7.2.1.2.1.4,above).

C6.8.6.2.2.2. Missile Systems and Related Equipment (subparagraph C4.7.2.1.2.1.5, above).

AP1. APPENDIX 1

DLMS AND DLSS RESPONSIBILITIES

AP1.1. The DUSD(L) shall provide policy guidance, oversight, and direct implementation of and compliance with the DLMS and DLSS except that the USD(C) shall be responsible for the DLMS Finance functional area and the MILSBILLS; the Director, Defense Procurement (DDP) shall be responsible for the DLMS Acquisition (Contract Administration) functional area and the MILSCAP; and the Under Secretary of Defense For Acquisition and Technology (USD(A&T)) shall be responsible for the MILSPETS. In carrying out their responsibility, the applicable OSD proponent office shall do the following:

AP1.1.1. Provide the DLMSO with policy guidance for development, expansion, improvement, and maintenance of the DLMS and of the DLSS pending the complete DoD transition from the DLSS to the DLMS. The DLSS shall be deactivated with the DoD wide implementation of the DLMS.

AP1.1.2. Review and approve DLMSO plans, priorities, and schedules.

AP1.1.3. Direct or approve expansion of DLMS standards in assigned functional areas or application of DLMS standards in new functional areas.

AP1.1.4. Approve or disapprove requests to use a logistics system other than the existing DLMS or DLSS.

AP1.1.5. Resolve policy and procedural issues submitted by the DLMSO that may not be resolved within the DLMSO process.

AP1.1.6. Ensure applicable coordination with other OSD staff elements when DLMS or DLSS policy guidance or one-time instructional memoranda affect assigned functions of these elements.

AP1.1.7. With the USD(C), ensure the implementation and use of standard data elements in accordance with DoD Directive 8320.1 (reference (z)).

AP1.2. The Director of DLMSO shall administer the DLMS and the DLSS, and shall receive policy guidance from the DUSD(L), the USD(C), the USD(A&T), and the DDP as applicable. The Director shall receive technical guidance and supervision from the Deputy Director, Materiel Management Directorate, Defense Logistics Agency (DLA-MM). The Director shall do the following:

AP1.2.1. Maintain a formal configuration control process for the DLMS and the DLSS.

AP1.2.2. Ensure uniform implementation of the DLMS and/or the DLSS by doing the following:

AP1.2.2.1. Reviewing implementation plans and implementation dates of the DoD Components and making recommendations for improvement.

AP1.2.2.2. Securing semiannually from the DoD Components status of implementation of approved DLMS and DLSS system revisions. (RCS DD-A&T(Q&SA)1419 applies.)

AP1.2.2.3. Establish a Process Review Committee (PRC) composed of representatives from the DoD Components and participating external organizations for each of the DLMS functional areas of acquisition (contract administration), finance, maintenance, supply (including reutilization and marketing), and transportation. Designate a Chair for each PRC to serve as the DoD control point.

AP1.2.2.4. Designate a system administrator for each assigned DLSS to serve as the DoD focal point for that DLSS system or program.

AP1.2.2.5. Perform analysis and design functions to implement new or revised policy guidance and instructions provided by OSD proponent offices, and to ensure the involvement of telecommunications planning in an integrated system design.

AP1.2.2.6. Develop and recommend, to the applicable OSD proponent office, new or revised policy with supporting analysis that identifies and explains process improvements and indicates methods for doing the change.

AP1.2.2.7. Develop, publish, and maintain the DLMS DoD Manual and DLSS-related DoD Publications.

AP1.2.2.8. Develop or evaluate proposed DLMS and DLSS changes and coordinate them with the DoD Components, and participating external organizations. Provide a copy of all proposed DLMS and DLSS changes to the applicable OSD proponent office.

AP1.2.2.9. Issue to the DUSD(L) and to the other DoD Components a quarterly status review of all revision proposals that have not yet been approved for publication, or, that if approved, have not been implemented. (RCS DD-A&T(Q&SA)1419 applies.)

AP1.2.2.10. Ensure compatibility of the DLMS functional areas and of the DLSS. Coordination shall be effected, when applicable, among PRC Chairs, with designated system administrators of other DoD logistics systems, and with related DoD logistics task groups. Compatibility among these systems and

groups shall be attained, when applicable, before coordination with the DoD Components.

AP1.2.2.11. Review, evaluate, and recommend improvements to curricula of the DoD Component and participating external organization training schools offering DLMS- and DLSS-related courses.

AP1.2.2.12. Help the DoD Component and participating external organizations resolve problems, violations, and deviations that arise during system operations and that are reported to the PRC Chairs. Refer unresolved matters to the applicable OSD proponent office for resolution or corrective action.

AP1.2.2.13. Review and coordinate with the DoD Components, and participating external organizations, all requests for system deviations and exemptions and make applicable recommendations to the OSD proponent office based on fact-finding studies or analysis of accompanying justification.

AP1.3. Heads of the DoD Components and Other Participating Organizations shall do the following:

AP1.3.1. Designate an office of primary responsibility for each DLMS functional area, and each DLSS with standing committees (the DoDAAC, the MAPAC, and the LMARS), to serve as the Component control point. Identify to the DLMSO the name of a primary and alternate representative for each DLMS functional area. The office designated as primary responsibility for each DLMS functional area shall:

AP1.3.1.1. Serve as members on, and fulfill the responsibilities of, the PRC for that function.

AP1.3.1.2. Provide the DoD Components or external organization's position on DLMS and DLSS matters and have the authority to make decisions regarding procedural aspects.

AP1.3.1.3. Ensure continuous liaison with the DLMS functional area PRC Chair, with their Component DLSS focal points, where designated, and with the other DoD Components and participating external organizations.

AP1.3.1.4. Submit proposed DLMS changes (to include DLSS related changes)to DLMSO. Perform the initial evaluation of proposed changes that originate within the DoD Component or participating external organization and return such proposals with the evaluation results.

AP1.3.1.5. Perform the initial evaluation of beneficial suggestions to the DLMS and the DLSS originating within the DoD Component or participating external organization. For suggestions considered worthy of adoption, submit a proposed DLMS

change to the DLMSO for processing in the normal manner. The originator's PRC representative shall determine any awards using normal DoD Component or participating external organization procedures.

AP1.3.1.6. Develop and submit to the DLMSO a single, coordinated DoD Component or participating external organization position on all proposed DLMS (to include DLSS) changes within the time limit specified in the DLMS manual, volume 1. When a proposed DLMS change affects multiple DLMS functional areas, the control point for the PRC identified in the proposal shall submit the single coordinated response.

AP1.3.2. Do internal training to ensure timely and effective implementation and continued operation of the approved DLMS and DLSS. Review, evaluate, and update, at least annually, curricula of internal training programs to ensure adequacy of training. Send a copy of initial and revised training curricula to the DLMSO.

AP1.3.3. Implement the approved DLMS and DLSS, and changes thereto. Provide the DLMSO a semiannual status information on implementation of approved changes by May 30th and November 30th of each year.(RCS DD-A&T(Q&SA) 1419 applies.) Report information by May 1st and November 1st for each approved change. Begin reporting the first period following publication of the approved DLMS or DLSS change. Stop reporting after identifying the approved change as fully implemented. In the final report, cite the DoD Component or participating external organization implementing DoD Publication(s) and change number(s) and identify the operating system or subsystem involved. Attach a copy of the DoD Publication change or provide electronically.

AP1.3.4. Ensure that operating activities supporting the DLMS and the DLSS comply with the requirements and procedures published in the DLMS and DLSS manuals.

AP1.3.5. Continually review and revise internal procedures to correct misinterpretation and drop and prevent duplication of records, reports, and administrative functions related to the DLMS and the DLSS.

AP1.3.6. Report to the functional area PRC Chair DLMS and DLSS problems, violations, and deviations that arise during system operations.

AP1.3.7. Give to the applicable system administrators copies of supplemental and internal procedures, and changes thereto, related to operation of approved systems.

AP1.3.8. Provide DLA with an open rider requisition using Standard Form (SF) 1, "Printing and Binding Requisition," and bulk distribution lists to cover all printed changes to the DLMS and DLSS DoD Publications. Send the SF 1 to the following:

DEFENSE LOGISTICS AGENCY
ATTN: DAPSC ROOM 1560
8725 JOHN J KINGMAN ROAD
FORT BELVOIR, VA 22060-6221

The DLMS DoD Manual and select DLSS DoD Publications are also available electronically on the world wide web at:

http://www.dlmso.hq.dla.mil.

AP1.4. Process Review Committees (PRCs). The PRCs are joint forums for each of the DLMS functional areas responsible for development, expansion, improvement, maintenance, and administration of the DLMS. The DLMS PRCs shall do the following:

AP1.4.1. Be administered and/or controlled by the DLMS PRC Chair for the functional area.

AP1.4.2. Consist of representatives from the DoD Components and participating external organizations.

AP1.4.3. Meet at least quarterly, and more frequently, as needed. The PRC Chair shall, when possible, announce the meeting and identify the agenda items 30 calendar days in advance of the meeting. The PRC Chair shall also issue fully documented minutes of these proceedings to each participating DoD Component or external organization, and the applicable OSD proponent office, within 30 calendar days after the meeting.

AP1.4.4. Review and resolve comments on DLMS and DLSS proposed changes, deviations, and waivers and provide recommendations for implementation or disapproval. Disapprove proposed DLMS changes by unanimous agreement of the PRC.

AP1.4.5. Review and resolve documented problems, violations, and deviations. Refer such problems that the PRC cannot resolve to the applicable OSD proponent office.

AP1.4.6. Ensure uniform and effective implementation of DLMS requirements by doing the following:

AP1.4.6.1. Conducting periodic evaluations to determine effectiveness of DLMS and DLSS policy, procedures, and processes.

AP1.4.6.2. Conducting reviews, through on-site visits, of selected DLMS operational areas to determine conformance with, and evaluate the effectiveness of, DLMS and DLSS requirements and to interpret or provide clarification of DLMS and DLSS procedures.

AP1.4.6.3. Reporting the findings and recommendations of evaluations and reviews, with comments of the DoD Components and

participating external organizations concerned, to the applicable OSD proponent office.

AP1.5. DLSS Focal Point Committees

AP1.5.1. The DLMS functional area PRCs replace and assume the responsibilities of most DLSS Focal Point Committees. The PRCs replace the Focal Point Committees as follows:

AP1.5.1.1. Supply PRC: MILSTRIP, MILSTRAP, SDR, and MILSPETS

AP1.5.1.2. Finance PRC: MILSBILLS

AP1.5.1.3. Transportation PRC: MILSTAMP

AP1.5.1.4. Acquisition (Contract Administration) PRC: MILSCAP.

AP1.5.2. The DODAAD, the MAPAD and the LMARS are viable Focal Point Committees. These committees shall do the following:

AP1.5.2.1. Be chaired by the System Administrator. Meet at least quarterly, and more frequently, as needed. The Chair shall, when possible, announce the meeting and identify the agenda items 30 calendar days in advance of the meeting. The Chair shall also issue fully documented minutes of these proceedings to each participating DoD Component or external organization, and the applicable OSD proponent office, within 30 calendar days after the meeting.

AP1.5.2.2. Consist of representatives from the DoD Components and participating external organizations.

AP1.5.2.3. Take part in the development, implementation, and maintenance of the assigned system.

AP1.6. Central DLMS Activity (CDA). The DAASC is the CDA for implementing DLMS data transmission requirements and shall execute system modification taskings from the DLMSO. Additional CDA duties include conducting physical configuration audits and facilitating functional configuration audits that ensure a configuration item complies with the DLMS physical or functional configuration identification.

AP2. APPENDIX 2

Agreement Between the Department of Defense and the General Services Administration Governing Supply Management Relationships Under the National Supply System [Facsimile of 1971 Text]

AP2.1. OBJECTIVE AND AUTHORITY. This Agreement is entered into between the Department of Defense (DoD) and the General Services Administration (GSA) in furtherance of the National Supply System concept. DoD and GSA are united in a common objective to eliminate avoidable duplication and overlap between their respective supply systems and those of other federal agencies and to provide responsive, effective and economical integrated materiel management to all Government agencies (civil and military) in commonly used commodities. Basic authorities and responsibilities fixed upon the Administrator of General Services Act of 1949 (40 USC 481) are recognized as the basis of the National Supply System. Under the provisions of Section 205(e) of that Act (40 USC 486), the Administrator of General Services designates and authorizes the DoD to procure and supply personal property and nonpersonal services and perform related functions in support of federal civil agencies within the terms of this Agreement; the Assistant Secretary of Defense (Installations and Logistics) consents to the assignment of the above stated functions.

AP.2. COMMODITY ASSIGNMENT CRITERION, REVIEW AND TRANSFER PROVISIONS

AP2.2.1. The fundamental rational/criterion for the division of management effort between GSA and the Defense Logistics Agency (DLA)[1], as well as the primary basis for integrated management alignment, is one which (1) Assigns to GSA those Federal Supply Classes (FSCs) or commodities commonly used by Federal agencies which are commercially available on the civilian economy and not predominantly of a military nature; and (2) Assigns to DLA those FSCs or commodities commonly used in military operations or weapon systems support, irrespective of their use by civil agencies.

AP2.2.2. FSCs or commodity areas subsequently determined susceptible to integrated management or not previously reviewed will be reviewed against this criterion for appropriate management, for optimum management alignment. To encourage reasonable management stability, however, such reviews, to be conducted jointly by GSA and DLA on an objective basis, shall be limited to intervals approved by the Deputy Under Secretary of

[1] The original agreement referred to the Defense Supply Agency which has since become the Defense Logistics Agency.

Defense for Logistics[2] and the Administrator, GSA. Such changes will normally be made on the basis of overall economies accruing to the Federal Government, except where the change is required in the interest of National security.

AP2.2.3. Time phased plans shall be jointly developed for the assignments and subsequent logistic transfers. The resources, funds and personnel to be transferred shall be identified and determinations developed to achieve the transfers.

AP2.3. EXCLUSIONS

AP2.3.1. Notwithstanding their basic commercial nature, clothing and textiles, subsistence, medical (Federal Supply Group (FSG) 65), fuel and electronics commodities are considered appropriate for management by DLA.

AP2.3.2. Paint and hand tool commodities, notwithstanding the military nature of some of the items and their use in military operations or weapon systems support, are considered appropriate for management by GSA.

AP2.3.3. Automatic data processing equipment and related supplies are excluded as the procurement of these commodities is vested in GSA by law (40 USC 759).

AP2.3.4. Procurement of DoD requirements for commercial non-tactical passenger-carrying vehicles, buses, and trucks is assigned to GSA.

AP2.4. SPECIFIC AGREEMENT PROVISIONS

AP2.4.1. As a general concept, GSA will be responsible for the management of all items in the FSCs assigned (Attachment 1) for all federal agencies and DoD (except for those retained by the military services under approved item management coding criteria). Conversely, DLA will be responsible for the management of all items in FSCs assigned (Attachment 2) for all DoD activities and federal agencies (except for those retained for military or civil agency management). Recognizing, however, that it is generally impractical to make exclusive FSC assignments, there will continue to exist the necessity for item management exceptions. These should be held to a minimum, however, and such exceptions, to be agreed to jointly by GSA and DLA, will be officially recorded and an exception listing will be published annually for the information of all customers. In this manner, individual item management duplication will be eliminated in the National Supply System.

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[2] The Deputy Under Secretary of Defense for Logistics replaced the Assistant Secretary of Defense (Installations and Logistics) who was originally referenced at this location.

AP2.4.2. GSA will provide catalog and management data to DoD cataloging activities for items assigned hereunder for DoD support, and for civil agencies, will continue to publish, distribute and maintain a catalog of items managed by GSA for civil agency support. DLA will publish, distribute and maintain a catalog of items assigned hereunder tailored to civil agencies requirements.

AP2.4.3. Civil agencies will not be required to register as users in the Federal Catalog System to obtain support. Such registration will be accomplished as appropriate by GSA or DLA.

AP2.4.4. DoD and GSA will drop inactive items from support of civil agencies on the basis of recorded demand after notification of intent to civil agencies containing a proposed effective date allowing for reclama.

AP2.4.5. Accessorial or other surcharges will be levied by DLA and GSA in a uniform manner for all customers.
f. GSA and DoD will continue to develop and operate compatible systems and supply and financial procedures, affecting agencies they serve, fitted together as a coordinated supply system by which responsive and economical supply support is provided to military and civilian requisitioners.

AP2.4.6. In recognition of a National Materiel Movement and Issue Priority System and in coordination with GSA and the civil agencies affected, DoD will provide in the Defense Uniform Materiel Movement and Issue Priority System (UMMIPS) for assignment of appropriate priority designations for the programs of the civil agencies. Both GSA and DLA will honor UMMIPS time standards in filling requisitions of all customers. GSA also will participate in the military standard logistics data systems as may be appropriate and as subsequently agreed to by separate arrangements.

AP2.4.7. Federal Supply Service (FSS), GSA shall be responsible for monitoring civil agency supply relationships with DLA. DLA shall be responsible for monitoring Defense Component supply relationships with GSA.

AP2.4.8. GSA and DLA will develop and maintain Federal Supply Schedule type contracts for Groups, Commodities or items assigned under terms of this Agreement.

AP2.4.9. This Agreement shall be published in the DoD Directives System and the GSA Federal Property Management Regulations.

AP2.A1. ATTACHMENT 1 TO APPENDIX 2
GENERAL SERVICES ADMINISTRATION
FEDERAL SUPPLY CLASSES

FSC CLASS	COMMODITY
3540	Wrapping and Packaging Machinery
3550	Vending and Coin Operated Machines
3590	Miscellaneous Service and Trade Equipment
3750	Gardening Implements and Tools
5110	Hand Tools, Edged, Nonpowered
5120	Hand Tools, Nonedged, Nonpowered
5130	Hand Tools, Power Driven
5133	Drill Bits, Counterbores, and Countersinks: Hand and Machine
5136	Taps, Dies, and Collets; Hand and Machine
5140	Tool and Hardware Boxes
5180	Sets, Kits, and Outfits of Hand Tools
5210	Measuring Tools, Craftsmen's
5345	Disks and Stones, Abrasive
5350	Abrasive Materials
5610	Mineral Construction Materials, Bulk
5620	Building Glass, Tile, Brick, and Block
5630	Pipe and Conduit, Nonmetallic
5640	Wallboard, Building Paper, and Thermal Insulation Materials
5650	Roofing and Siding Materials
5670	Architectural and Related Metal Products
5680	Miscellaneous Construction Materials
7105	Household Furniture
7110	Office Furniture
7125	Cabinets, Lockers, Bins, and Shelving
7195	Miscellaneous Furniture and Fixtures
7220	Floor Coverings
7230	Draperies, Awnings, and Shades
7240	Household and Commercial Utility Containers
7290	Miscellaneous Household and Commercial Furnishings and Appliances
7330	Kitchen Hand Tools and Utensils
7340	Cutlery and Flatware
7350	Tableware
7420	Accounting and Calculating Machines
7430	Typewriters and Office Type Composing Machines
7460	Visible Record Equipment
7490	Miscellaneous Office Machines
7510	Office Supplies
7520	Office Devices and Accessories
7530	Stationery and Record Forms
7710	Musical Instruments
7720	Musical Instrument Parts and Accessories
7730	Phonographs, Radios, and Television Sets: Home Type
7740	Phonograph Records
7810	Athletic and Sporting Equipment
7820	Games, Toys, and Wheeled Goods
7830	Recreational and Gymnastic Equipment
7910	Floor Polishers and Vacuum Cleaning Equipment

GENERAL SERVICES ADMINISTRATION (continued)

FSC CLASS	COMMODITY
7920	Brooms, Brushes, Mops, and Sponges
7930	Cleaning and Polishing Compounds and Preparations
8010	Paints, Dopes, Varnishes, and Related Products
8020	Paint and Artists' Brushes
8030	Preservative and Sealing Compounds
8040	Adhesives
8105	Bags and Sacks
8115	Boxes, Cartons, and Crates
8135	Packaging and Packing Bulk Materials
8510	Perfumes, Toilet Preparations, and Powders
8520	Toilet Soap, Shaving Preparations, and Dentifrices
8530	Personal Toiletry Articles
8540	Toiletry Paper Products
8710	Forage and Feed
8720	Fertilizers
8730	Seeds and Nursery Stock
9310	Paper and Paperboard
9905	Signs, Advertising Displays, and Identification Plates
9910	Jewelry
9915	Collectors' Items
9920	Smokers' Articles and Matches

AP2.A2. ATTACHMENT 2 TO APPENDIX 2
DEFENSE LOGISTICS AGENCY FEDERAL SUPPLY CLASSES

FSC CLASS	COMMODITY
2230	Right-of-way Construction and Maintenance Equipment, Railroad
2410	Tractor, Full Track, Low Speed Tractors, Wheeled
2510	Vehicular Cab, Body, and Frame Structural Components
2520	Vehicular Power Transmission Components Vehicular Brake, Steering, Axle, Wheel, and Track Components
2540	Vehicular Furniture and Accessories
2590	Miscellaneous Vehicular Components
2805	Gasoline Reciprocating Engines, Except Aircraft; and Components
2815	Diesel Engines and Components
2895	Engine Fuel System Components, Nonaircraft
2920	Engine Electrical System Components, Nonaircraft
2930	Engine Cooling System Components, Nonaircraft
2940	Engine Air and Oil Filters, Strainers, and Cleaners Nonaircraft
2990	Miscellaneous Engine Accessories, Nonaircraft
3020	Gears, Pulleys, Sprockets, and Transmission Chain
3030	Belting, Drive Belts, Fan Belts, and Accessories
3040	Miscellaneous Power Transmission Equipment
3110	Bearings, Antifriction, Unmounted
3120	Bearings, Plain, Unmounted
3130	Bearings, Mounted
3210	Sawmill and Planning Mill Machinery
3220	Woodworking Machines
3230	Tools and Attachments for Woodworking Machinery
3431	Electric Arc Welding Equipment
3510	Laundry and Dry Cleaning Equipment
3520	Shoe Repairing Equipment
3530	Industrial Sewing Machines and Mobile Textile Repair Shops
3610	Printing, Duplicating, and Bookbinding Equipment
3655	Gas Generating and Dispensing Systems, Fixed or Mobile
3695	Miscellaneous Special Industry Machinery
3710	Soil Preparation Equipment
3720	Pest, Disease, and Frost Control Equipment
3770	Saddlery, Harness, Whips, and Related Animal Furnishings
3805	Earth Moving and Excavating Equipment
3810	Cranes and Crane-Shovels
3815	Crane and Crane-Shovel Attachments
3820	Mining, Rock Drilling, Earth Boring, and Related Equipment
3825	Road Clearing Equipment
3830	Truck and Tractor Attachments
3835	Petroleum Production and Distribution Equipment
3895	Miscellaneous Construction Equipment
3910	Conveyors
3920	Materials Handling Equipment, Nonself-propelled
3930	Warehouse Trucks and Tractors, Self-propelled
3940	Blocks, Tackle, Rigging, and Slings
3950	Winches, Hoists, Cranes, and Derricks
3990	Miscellaneous Materials Handling Equipment
4010	Chain and Wire Rope
4020	Fiber Rope, Cordage, and Twine

DEFENSE LOGISTICS AGENCY (continued)

FSC CLASS	COMMODITY
4030	Fittings for Rope, Cable, and Chain
4110	Refrigeration Equipment
4120	Air Conditioning Equipment
4130	Refrigeration and Air Conditioning Components
4140	Fans, Air Circulators, and Blower Equipment
4210	Fire Fighting Equipment
4220	Marine Lifesaving and Diving Equipment
4310	Compressors and Vacuum Pumps
4320	Power and Hand Pumps
4330	Centrifugals, Separators, and Pressure and Vacuum Filters
4440	Driers, Dehydrators, and Anhydrators
4460	Air Purification Equipment
4510	Plumbing Fixtures and Accessories
4520	Space Heating Equipment and Domestic Water Heaters
4530	Fuel Burning Equipment Units
4540	Miscellaneous Plumbing, Heating, and Sanitation Equipment
4610	Water Purification Equipment
4620	Water Distillation Equipment, Marine and Industrial Treatment Equipment
4630	Sewage Treatment Equipment
4710	Pipe and Tube
4720	Hose and Tubing, Flexible
4730	Fittings and Specialties: Hose, Pipe,and Tube
4810	Valves, Powered
4820	Valves, Nonpowered
4930	Lubrication and Fuel Dispensing Equipment
5305	Screws
5306	Bolts
5307	Studs
5310	Nuts and Washers
5315	Nails, Keys, and Pins
5320	Rivets
5325	Fastening Devices
5330	Packing and Gasket Materials
5335	Metal Screening
5340	Miscellaneous Hardware
5355	Knobs and Pointers
5360	Coil, Flat, and Wire Springs
5365	Rings, Shims, and Spacers
5410	Prefabricated and Portable Buildings
5420	Bridges, Fixed And Floating
5430	Storage Tanks
5440	Scaffolding Equipment and Concrete Forms
5450	Miscellaneous Prefabricated Structures
5510	Lumber and Related Basic Wood Materials
5520	Millwork
5530	Plywood and Veneer
5660	Fencing, Fences, and Gates
5905	Resistors
5910	Capacitors

DEFENSE LOGISTICS AGENCY (continued)

FSC CLASS	COMMODITY
5915	Filters and Networks
5920	Fuses and Lightning Arresters
5925	Circuit Breakers
5930	Switches
5935	Connectors, Electrical
5940	Lugs, Terminals, and Terminal Strips
5945	Relays, Contractors, and Solenoids
5950	Coils and Transformers
5955	Piezoelectric Crystals
5960	Electron Tubes and Associated Hardware
5961	Semiconductor Devices and Associated Hardware
5962	Microelectronic Circuit Devices
5965	Headsets, Handsets, Microphones and Speakers
5970	Electrical Insulators and Insulating Materials
5975	Electrical Hardware and Supplies
5977	Electrical Contact Brushes and Electrodes
5985	Antennas, Waveguides, and Related Equipment
5990	Synchros and Resolvers
5995	Cable, Cord, and Wire Assemblies: Communication Equipment
5999	Miscellaneous Electrical and Electronic Components
6105	Motor, Electrical
6110	Electrical Control Equipment
6115	Generators and Generator Sets, Electrical
6120	Transformers: Distribution and Power Station
6145	Wire and Cable, Electrical
6150	Miscellaneous Electric Power and Distribution Equipment
6210	Indoor and Outdoor Electric Lighting Fixtures
6220	Electric Vehicular Lights and Fixtures
6230	Electric Portable and Hand Lighting Equipment
6240	Electric Lamps
6250	Ballistics, Lampholders, and Starters
6260	Nonelectrical Lighting Fixtures
6350	Miscellaneous Alarm and Signal Systems
6505	Drugs, Biologicals, and Official Reagents
6508	Medicated Cosmetics and Toiletries
6510	Surgical Dressing Materials
6515	Medical and Surgical Instruments, Equipment, and Supplies
6520	Dental Instruments, Equipment, and Supplies
6525	X-Ray Equipment and Supplies: Medical, Dental Veterinary
6530	Hospital Furniture, Equipment, Utensils, and Supplies
6532	Hospital and Surgical Clothing and Related Special Purpose Items
6540	Opticians Instruments, Equipment, and Supplies
6545	Medical Sets, Kits, and Outfits
6630	Chemical Analysis Instruments
6635	Physical Properties Testing Equipment
6640	Laboratory Equipment and Supplies
6655	Geophysical and Astronomical Instruments
6670	Scales and Balances
6675	Drafting, Surveying, and Mapping Instruments

DEFENSE LOGISTICS AGENCY (continued)

FSC CLASS	COMMODITY
6680	Liquid and Gas Flow, Liquid Level, and Mechanical Motion Measuring Instruments
6750	Photographic Supplies
6810	Chemicals
6820	Dyes
6830	Gases: Compressed and Liquefied
6840	Pest Control Agents and Disinfectants
6850	Miscellaneous Chemical Specialties
7210	Household Furnishings
7310	Food Cooking, Baking, and Serving Equipment
7320	Kitchen Equipment and Appliances
7360	Sets, Kits, and Outfits: Food Preparation and Serving
7610	Books and Pamphlets
7660	Sheet and Book Music
7690	Miscellaneous Printed Matter
8110	Drums and Cans
8120	Commercial and Industrial Gas Cylinders
8125	Bottles and Jars
8305	Textile Fabrics
8310	Yarn and Thread
8315	Notions and Apparel Findings
8320	Padding and Stuffing Materials
8325	Fur Materials
8330	Leather
8335	Shoe Findings and Soling Materials
8340	Tents and Tarpaulins
8345	Flags and Pennants
8405	Outerwear, Men's
8410	Outerwear, Women's
8415	Clothing, Special Purpose
8420	Underwear and Nightwear, Men's
8425	Underwear and Nightwear, Women's
8430	Footwear, Men's
8435	Footwear, Women's
8440	Hosiery, Handwear, and Clothing Accessories, Men's
8445	Hosiery, Handwear, and Clothing Accessories, Women's
8450	Children's and Infants Apparel and Accessories
8455	Badges and Insignia
8460	Luggage
8465	Individual Equipment
8470	Armor, Personal
8905	Meat, Poultry, and Fish
8910	Dairy Foods and Eggs
8915	Fruits and Vegetables
8920	Bakery and Cereal Products
8925	Sugar, Confectionery, and Nuts
8930	Jams, Jellies, and Preserves
8935	Soups and Bouillons
8940	Special Dietary Foods and Food Specialty Preparations
8945	Food Oils and Fats

DEFENSE LOGISTICS AGENCY (continued)

FSC CLASS	COMMODITY
8950	Condiments and Related Products
8955	Coffee, Tea, and Cocoa
8960	Beverages, Nonalcoholic
8970	Composite Food Packages
8975	Tobacco Products
9110	Fuels, Solid
9150	Oils and Greases: Cutting
9160	Miscellaneous Waxes, Oils, and Fats
9320	Rubber Fabricated Materials
9330	Plastics Fabricated Materials
9340	Glass Fabricated Materials
9350	Refractories and Fire Surfacing Materials Lubricating, and Hydraulic
9390	Miscellaneous Fabricated Nonmetallic Materials
9505	Wire, Nonelectrical, Iron and Steel
9510	Bars and Rods, Iron and Steel
9515	Plate, Sheet, and Strip: Iron and Steel
9520	Structural Shapes, Iron and Steel
9525	Wire, Nonelectrical, Nonferrous Base Metal
9530	Bars and Rods, Nonferrous Base Metal
9535	Plate, Sheet, Strip, Foil: Nonferrous Base Metal
9540	Structural Shapes, Nonferrous Base Metal
9545	Plate, Sheet, Strip, Foil, and Wires Precious Metal
9925	Ecclesiastical Equipment, Furnishings, and Supplies
9930	Memorials; Cemeterial and Mortuary Equipment and Supplies
9999	Miscellaneous Items

AP3. APPENDIX 3

ESSENTIALITY MATRIX

AP3.1. MILITARY MISSION ESSENTIALITY (MME) CODE

The MME code indicates the composite effect of a secondary item on overall military mission based on the hierarchical relationships, as applicable, of the weapon system or end item to the military mission of the using activity, of the assembly or component to the weapon system or end item, and of the secondary item to the assembly or component. The four levels of MME are, as follows:

AP3.1.1. Code I. Most essential to military mission.

AP3.1.2. Code II. Highly essential to military mission.

AP3.1.3. Code III. Less essential to military mission.

AP3.1.4. Code IV. Not essential to military mission.

AP3.2. WEAPON SYSTEM OR END ITEM ESSENTIALITY CODE

That code indicates whether the weapon system or end item is essential to the military mission of the Service. Weapon systems and end items are classified as either mission-essential or not mission-essential.

AP3.2.1. Mission-Essential

AP3.2.1.1. Qualification. Mission-essential weapon systems or end items are that Service-designated materiel authorized for combat, combat support, combat service support, and combat readiness training forces and activities, including Reserve and National Guard activities, which is required to support approved emergency and/or war plans, and when the materiel is used to do the following:

AP3.2.1.1.1. Destroy the enemy's capability to continue war.

AP3.2.1.1.2. Provide battlefield protection of personnel.

AP3.2.1.1.3. Communicate under war conditions.

AP3.2.1.1.4. Detect, locate, or maintain surveillance over the enemy.

AP3.2.1.1.5. Provide combat transportation and support of personnel and materiel.

AP3.2.1.1.6. Support training functions, but is suitable for employment under emergency plans to meet the purposes enumerated, herein.

AP3.2.1.2. Coding. Based on an FAD, as presented in Appendix 8, the two categories of mission-essential materiel are, as follows:

AP3.2.1.2.1. Code A - Highest Priority Mission-Essential. Mission-essential materiel required to accomplish the military mission of activities assigned FAD I or FAD II.

AP3.2.1.2.2. Code B - Lower Priority Mission-Essential. Mission-essential materiel required to accomplish the military mission of activities assigned FAD III, FAD IV, or FAD V.

AP3.2.2. Not Mission-Essential. Materiel that does not qualify as mission-essential falls into Code C.

AP3.3. ASSEMBLY OR COMPONENT ESSENTIALITY CODE

That code indicates the essentiality of an assembly or component to the performance of the primary or secondary missions of the weapon system or end item. The degrees of assembly or component essentiality depend on the effect their failure would have on weapon system or end item readiness. These codes apply:

AP3.3.1. Code D - Not Mission Capable. Materiel whose failure will prevent performance of any wartime and/or peacetime missions; e.g., total loss of mobility, propulsion, or life support; and not safe to fly.

AP3.3.2. Code E - Severe Degradation of Primary Mission. Materiel whose failure will severely limit intended or designed primary mission or function.

AP3.3.3. Code F - Not Fully Mission Capable. Materiel whose failure will render the weapon system or end item incapable of fully performing all missions although some missions might continue to be performed. That includes total loss or severe degradation of secondary mission.

AP3.3.4. Code G - Fully Mission Capable. Materiel whose failure will have no mission impact.

AP3.4. ITEM ESSENTIALITY CODE

That code indicates the degree to which the failure of a secondary item that is part of an end item affects the ability of the end item to perform its intended operation. The five levels of item essentiality are, as follows:

AP3.4.1. Code 1. Failure of the item will render the end item inoperable.

AP3.4.2. Code 3. Failure of the item will not render the end item inoperable.

AP3.4.3. Code 5. Item does not qualify for the assignment of Code 1, but is needed for personal safety.

AP3.4.4. Code 6. Item does not qualify for the assignment of Code 1, but is needed for legal, climatic, or other requirements peculiar to the planned operational environment of the end item.

AP3.4.5. Code 7. Item does not qualify for the assignment of Code 1, but is needed to prevent the impairment of, or the temporary reduction of, operational effectiveness of the end item.

AP3.5. ASSIGMENT OF A MME CODE

The following matrix displays the combinations of the weapon system and/or end item, assembly and/or component, and item essentiality codes and the corresponding composite MME Code.

WEAPON SYSTEM OR END ITEM ESSENTIALITY CODE		ASSEMBLY OR COMPONENT ESSENTIALITY CODE		ITEM ESSENTIALITY CODE		MILITARY MISSION ESSENTIALITY CODE
A	+	D	+	1,5	=	I
A	+	D	+	6,7	=	II
A	+	D	+	3	=	IV
A	+	E	+	1,5	=	I
A	+	E	+	6,7	=	III
A	+	E	+	3	=	IV
A	+	F	+	1,5	=	II
A	+	F	+	6,7	=	III
A	+	F	+	3	=	IV
B	+	G	+	1,3,5,6,7	=	IV
B	+	D	+	1,5	=	II
B	+	D	+	6,7	=	III
B	+	D	+	3	=	IV
B	+	E	+	1,5	=	II
B	+	E	+	6,7	=	III
B	+	E	+	3	=	IV
B	+	F	+	1,5	=	II
B	+	F	+	6,7	=	III
B	+	F	+	3	=	IV
B	+	G	+	1,3,5,6,7	=	IV
C	+	D,E,F,G	+	1,3,5,6,7	=	IV

AP4. APPENDIX 4

RETAIL REASON FOR STOCKAGE CATEGORY CODES

AP4.1. All secondary items held at retail supply activities shall be assigned a Reason for Stockage Category (RSC) code that identifies the stockage rules applicable to each item. That categorization shall apply to inventory held at retail supply activities without regard to the funding sources for the inventory.

AP4.2. Item records shall record the applicable RSC for each item held. The RSC for an item shall be reviewed at least annually prior to the development of the annual budget submission.

AP4.3. These categories apply:

AP4.3.1. Stocked Readiness (SR). That demand-supported RSC is for an item that has readiness-based requirements levels.

AP4.3.2. Stocked Demand (SD). That demand-supported RSC is for an item that has demand-based requirements levels.

AP4.3.3. Stocked Limited Demand (SL). That demand-supported RSC is for an item that has limited demand requirements levels because anticipated usage for the item is not enough to warrant demand-based requirements levels.

AP4.3.4. Stocked Insurance (SI). That non-demand-supported RSC is for an essential item for which replacement is not anticipated as a result of normal usage and for which an unacceptable lead time (procurement or order and shipping time) has been established. If failure is experienced, or loss occurs, through accident, abnormal equipment or system failure, or other unexpected occurrences, the lead time required to obtain a replacement would seriously hamper the operational capability of a critical facility or weapon system.

AP4.3.5. Stocked Provisioning (SP). That non-demand-supported RSC is for an item specifically stocked to support a newly introduced end item for that period of time until requirements are forecast entirely upon actual demands. That period may not exceed 2 years after actual demand is experienced. The established RO is based upon the asset positioning policy and anticipated usage developed during the provisioning process.

AP4.3.6. Stocked War Reserve Stock (SW). That categorization is to identify stock that is specifically held to support a wartime requirement. The stock for an item can be divided between that categorization and any other demand-supported or non-demand-supported RSC.

AP4.3.7. Not Stocked (NS). That categorization is for an item for which there is no established requirements levels. Inventory or usage data may or may not be present; however, orders placed on sources of supply are to satisfy materiel obligations to customers and not to replenish stock.

AP4.3.8. Other (NK). That categorization is meant to be a temporary categorization until another RSC is assigned.

AP5. APPENDIX 5

SERVICEABLE RETURNS

AP5.1. POLICY

When the wholesale manager authorizes the return of serviceable materiel under Section C3.4 and DoD 4000.25-1-M (reference (n)), returned assets shall be considered in determining future requirements for selected items whose forecasted requirements are dependent on previous demands.

AP5.2. PRIORITY OF ASSETS

When an inventory control point directs that serviceable materiel be returned to wholesale stock or it receives confirmation that serviceable materiel has been shipped to a wholesale distribution depot, it shall establish an asset due-in. The priority for application of these assets to requirements shall be second only to that of serviceable on-hand assets. They shall be considered before unserviceable items (whether scheduled or not scheduled for repair), items on-order under contract, and items on-order for which funds have been committed, but that are not yet under contract. The same priority of application shall be used in deciding whether offers of serviceable returns should be accepted.

AP5.3. ADJUSTMENT OF REQUIREMENTS

If a serviceable return can be identified to its originating requisition, it shall be treated as a cancellation of that requisition, and demand history adjusted accordingly. If the originally recorded demand contributed to the current forecast of demand, then the forecast and all associated levels should be adjusted accordingly. Serviceable returns that cannot be identified to originating requisitions shall be used to develop a serviceable returns forecast. Forecasted returns shall then be considered as potential assets to offset buy requirement, but only to the extent that they exceed the level of returns already counted in asset records as materiel due-in. To avoid supply failures caused by returns of serviceable assets that are not issuable, the DoD Components may adjust the returns forecast by a factor representing the expected likelihood of receiving such assets in the returns process. The DoD Components may also limit the portion of the requirement that may be offset by forecasted returns.

AP5.4. EXCEPTIONS

There shall be no exceptions to the policy on prioritization of assets in paragraph AP5.2. A DoD Component may request an exception from the DUSD(L) to the policy on adjustment of requirements in paragraph AP5.3 when systemic deficiencies

prevent the DoD Component from getting the returns information necessary for implementation. In those cases, the affected Component may use percentage factors or other applicable methods to adjust requirements until the systemic deficiencies are resolved. When requesting an exception, the DoD Component shall identify the deficiencies preventing implementation and provide a milestone plan for their correction with an estimated date for full compliance with policy.

AP6. APPENDIX 6

COST ESTIMATING

AP6.1. GENERAL

AP6.1.1. Costs to be considered in computing wholesale economic order quantities and intermediate and consumer operating levels shall include the following:

AP6.1.1.1. Ordering cost.

AP6.1.1.2. Holding cost.

AP6.1.2. The estimation of each of those costs is discussed in subsequent portions of this Appendix. Costs may be determined by current industrial engineering studies or by statistical analysis. Where firm data are not available, costs shall be based on estimates, supported by the assumptions used to arrive at each estimate.

AP6.2. COST CHARACTERISTICS

AP6.2.1. Variable Costs. Costs that are to be estimated and included in the stockage computations required by this Appendix are limited to those variable costs (as opposed to fixed costs) listed in subsection AP6.1.1., above. Only those costs that vary as a consequence of a particular stockage rule (e.g., physical inventory costs) are to be considered in estimating the cost of the function. One-time costs (or set-up costs) and fixed costs (those incurred during a process but not dependent upon the number of times the process is repeated) are to be excluded from the cost computations described in this Appendix.

AP6.2.2. Cost Sensitivity. The extent to which a particular cost; i.e., cost of ordering and holding inventory, influences overall costs may be very slight. The cost's influence is dependent upon the form of the total cost equation and the solution thereto, as well as the relative magnitude of the costs. The practical importance is that minor errors in cost estimation need not be corrected, particularly if extensive effort will be involved in eliminating or reducing the error.

AP6.3. ORDERING COSTS

Ordering costs are the sum of the administrative expenses involved in procuring or requisitioning and issuing a single lot of one item, regardless of the number of units ordered, their weight, cube, or dollar value.

AP6.3.1. The ordering process begins when the stocking activity decides that additional materiel should be procured or requisitioned for stock. The process ends when the ordered

materiel is placed in stock at the requesting activity and the related accounting and record-keeping have been accomplished. All intermediate tasks related to the replenishment contribute to the ordering cost.

AP6.3.2. The ordering cost is a function of the procedures used at ordering activities, the degree to which each of the activities is mechanized, and the variation in treatment of certain classes of materiel or types of items.

AP6.3.3. The major tasks involved in ordering include requirements determination, order and/or requisition preparation and recording, receipt processing and stowage of materiel, accounting for the transfer of funds between the ordering activity and the source of supply, and in the case of a retail requisition, issuing from a wholesale distribution depot.

AP6.4. HOLDING COST

AP6.4.1. This cost reflects the expenses incurred to keep inventory for future use. It is expressed as the annual cost for dollar of the average order quantity. Holding costs for unserviceable reparable items need not be considered if it is assumed that local repairs are made one at a time rather than in batches.

AP6.4.2. The cost to hold is composed of the sum of the charge for funds invested in inventory, losses due to obsolescence, other inventory losses, and storage costs.

AP6.4.2.1. The annual charge for funds invested in inventory shall be the current rate for long term government securities. The DoD Components may use an alternative discount rate if that rate results in a lower overall cost to the Government.

AP6.4.2.2. The costs of losses due to forecast error and obsolescence, including deterioration, are more variable than investment charges. For extremely stable items, the cost is small.

AP6.4.2.2.1. When stocked items are displaced by the implementation of unforeseen equipment improvements or new weapons, a significant allowance for obsolescence may be estimated by dividing the dollar value of secondary item stock transfers to disposal during the year by the value of the average annual on-hand and on-order assets or the average value of the stockage or requisitioning objective, whichever is less.

AP6.4.2.2.2. Since forecasts of losses expected to occur in the future due to obsolescence are merely estimates of what would occur in normal circumstances, unusual losses such as assets generated by sudden deceleration of war activities, or the like, should be excluded.

AP6.4.2.3. Inventory losses vary greatly among individual stocked items and are principally a function of their commercial application, accessibility, size and value. Poor accounting methods may account for some apparent losses. Others are actual physical losses to the inventory. Each DoD Component shall develop that cost on the basis of actual experience. To encourage proper safeguards, an absolute upper limit is initially established, whereby the net inventory adjustment shall not exceed 5 percent of the annual average on-hand inventory value.

AP6.4.2.4. For a fixed supply point, the cost of storage shall be computed at 1 percent of the value of the inventory contained therein for each year, unless there is convincing evidence that a different method should be used.

AP6.4.2.4.1. The assignment of that relatively small value for variable storage costs is applicable because the size of most fixed supply installations is based on factors other than the amount and the value of the materiel to be stored therein.

AP6.4.2.4.2. Mobile activities, on the other hand, can be and are expanded or contracted to store and transport specific inventories. That is particularly true of modular mobile supply points where the size and cost of each module is fixed, but the number of modules required is a direct function of the cubic measurement of materiel stocked. For these activities, storage costs can be significant, and they should be developed by the individual DoD Components.

AP6.4.3. The computation of total holding cost may be simplified. It is acceptable to derive holding cost by applying a composite percentage to the dollar value of the average annual operating level.

AP6.4.4. To recapitulate, the variable holding costs are established, as follows:

AP6.4.4.1. Investment charge - variable.

AP6.4.4.2. Forecast error and obsolescence costs - variable.

AP6.4.4.3. Inventory losses - variable (5 percent maximum).

AP6.4.4.4. Storage costs - variable (1 percent maximum for fixed supply points).

AP6.5. REVIEW AND DOCUMENTATION OF COSTS

AP6.5.1. Ordering costs should be validated annually and updated as applicable wages change. Costs may be readily updated by applying the average percent of increase or decrease in wages

to the cost to order, since the great majority of ordering costs consist of labor or labor-related elements.

AP6.5.2. Those portions of the cost-to-hold rate that are variable should be reviewed annually and updated as necessary to ensure that such costs reflect current operations.

AP6.5.3. The source of all costs and changes must be documented, and that information must be retained by the DoD Component concerned.

AP7. APPENDIX 7

REPAIR CYCLE TIME

AP7.1. GENERAL

This Appendix describes the repair cycle time as it applies to the development of time standards that are used in the computation of repair cycle requirements for reparable secondary items and to the monitoring of actual times against those standards. All time segments of the repair cycle are described and illustrated in this Appendix. Repair cycle time is described in terms of the field repair cycle and the depot repair cycle, since these are the two mutually exclusive processes by which an unserviceable item is returned to a ready-for-issue (RFI) condition.

AP7.1.1. An unserviceable item repaired at the organizational and/or intermediate level of maintenance has been processed through the field repair cycle. Field repair cycle times apply to field level reparable (FLR) items and may apply to depot level reparable (DLR) items if they are repaired at the organizational or intermediate level of maintenance.

AP7.1.2. An unserviceable item that was beyond the repair capability of the organizational and/or intermediate level of maintenance and that was repaired at the depot level of maintenance has been processed through the depot repair cycle. Depot repair cycle times only apply to DLR items.

AP7.1.3. Condition codes given in DoD 4000.25-2-M (reference (p)) apply to assets as they go through the different stages of the repair cycle.

AP7.2. FIELD REPAIR CYCLE

AP7.2.1. Beginning. The date the initial request for the repair of an unserviceable item is entered into the supply system, measured by the establishment date of the organizational or intermediate maintenance activity's repair work order.

AP7.2.2. Ending. The date an unserviceable item has been restored to serviceable and issuable condition by the organizational and/or intermediate maintenance activity and is recorded as such on organizational or intermediate supply records, or the date when an unserviceable item is determined to be beyond the repair capability of an organizational and/or intermediate maintenance activity, measured by the following:

AP7.2.2.1. The date the organizational or intermediate supply records indicate repaired item is serviceable and issuable;

AP7.2.2.2. The date of the organizational or intermediate supply activity's turn-in document; or

AP7.2.2.3. The closing date of the organizational or intermediate maintenance activity's repair work order.

AP7.3. DEPOT REPAIR CYCLE

The depot repair cycle time is composed of two segments, which are the retrograde time segment (a collective term for the base-processing and in-transit times) and the repair turnaround time segment (a collective term for the transfer-to-maintenance, maintenance shop, and transfer-from-maintenance times). Depot repair cycle time excludes awaiting parts (AWP) time, awaiting maintenance (AWM) time, or awaiting carcasses (AWC) time.

AP7.3.4. Retrograde Time Segment. Retrograde time is the sum of base-processing time and in-transit time.

AP7.3.4.1. Base-processing time begins when an organizational-level and/or intermediate-level maintenance activity determines that it cannot repair the unserviceable DLR and reports that fact to supply; it ends when the asset is ready for shipment from the base and is turned over to transportation.

AP7.3.4.2. In-transit time begins when transportation receives the ready-for-shipment unserviceable DLR and ends when the distribution depot or contractor processes the receipt transaction and the unserviceable DLR is recorded on the records of the inventory control point (ICP).

AP7.3.4.3. The beginning date for retrograde time is measured by the following:

AP7.3.4.3.1. The date of the organizational or intermediate supply activity's requisition (turn-in) document number; or

AP7.3.4.3.2. The closing date of the organizational or intermediate maintenance activity's repair work order.

AP7.3.4.4. The ending date for retrograde time is measured by the following:

AP7.3.4.4.1. The "receipt date" in the transaction that updates the ICP records; or

AP7.3.4.4.2. The "receipt date" reported by the commercial or inter-Service depot maintenance activity in its status reports to the ICP.

AP7.3.5. Repair Turnaround Time Segment. Repair turnaround time is the sum of transfer-to-maintenance time, maintenance shop time, and transfer-from-maintenance time. AWC time may occur

before or after transfer-to-maintenance time and before maintenance shop time but is excluded from both of those times.

AP7.3.5.1. Transfer-to-Maintenance Time. The transfer-to-maintenance time segment begins with the request to pull the unserviceable asset from storage and ends when the organic or contractor maintenance activity receives it. Transfers from depots to contractor facilities include transportation time.

AP7.3.5.1.1. The beginning date is measured by the date of the request to transfer an unserviceable reparable item from the depot's supply activity to an organic or contractor maintenance activity.

AP7.3.5.1.2. The ending date is measured by the date of receipt of the unserviceable DLR item at the organic or contractor maintenance activity.

AP7.3.5.2. Maintenance Shop Time. The maintenance shop time segment begins when maintenance receives the unserviceable DLR and ends when the availability of the serviceable asset is formally reported to storage. (AWP and AWM times may occur during the segment, but are excluded.)

AP7.3.5.2.1. The beginning date is measured by the following:

AP7.3.5.2.1.1. The date condition code is changed from unserviceable (reparable) to suspended (in work) on the ICP's records;

AP7.3.5.2.1.2. The "in work date" (or "receipt date") reported by the commercial or inter-Service depot maintenance activity if no order is required; or

AP7.3.5.2.1.3. The "order date" reported by the commercial or inter-Service depot maintenance activity if an order is required.

AP7.3.5.2.2. The ending date is measured by the following:

AP7.3.5.2.2.1. The date the depot maintenance activity reports that the item has been restored to serviceable condition; or

AP7.3.5.2.2.2. The date of the DD Form 250 indicating a commercial or inter-Service depot maintenance activity restored the item to serviceable and issuable condition.

AP7.3.5.3. Transfer-from-Maintenance Time. The transfer-from-maintenance time segment begins when the maintenance activity formally reports the availability of the serviceable DLR and ends when the serviceable asset is received in storage and is

recorded on the records of the ICP. (Instances where an ICP directs shipment of a repaired asset directly to a customer to fill an outstanding demand should not be included in the development of standards or the monitoring of those standards.) Transfers from contractors' facilities to depots include transportation; transfers to customers do not. Transfer-from-maintenance time does not apply when contractors act as DoD distribution depots, storing materiel and issuing it directly to customers.

AP7.3.5.3.1. The beginning date is measured by the following:

AP7.3.5.3.1.1. The date the depot maintenance activity reports that the item has been restored to a serviceable condition; or

AP7.3.5.3.1.2. The date of the DD Form 250 indicating that the contractor has restored the item to a serviceable and issuable condition.

AP7.3.5.3.2. The ending date is measured by the following:

AP7.3.5.2.1. The date an item's condition code is changed from suspended (in work) to serviceable and issuable on the ICP's records; or

AP7.3.5.2.2. The date a depot supply activity receives an item in serviceable and issuable condition from a commercial or inter-Service depot maintenance activity, as recorded on the ICP's records.

AP8. APPENDIX 8

UMMIPS TIME STANDARDS

AP8.1. GENERAL

AP8.1.1. The UMMIPS time standards presented in this Appendix are defined as "the maximum amount of time that should elapse during any given pipeline segment for items that are in stock or for items that are processed as part of planned direct vendor deliveries."

AP8.1.2. The standards are given in calendar days with .5 meaning one-half day.

AP8.1.3. The standards are listed by pipeline segment and geographic area (of the activity originating the order) for a designated transportation priority. Any activity outside the Continental United States (CONUS) is in an overseas area.

AP8.1.3.1. A container consolidation point (CCP) either consolidates shipments on an air pallet or containerizes shipments in a SEAVAN for transportation to overseas areas.

AP8.1.3.2. The time standard for storage site to CCP (i.e., segment D) only applies to a shipment whose final destination is outside of CONUS (OCONUS). It is the elapsed time from release of the shipment by the storage activity to arrival at one of the two designated CONUS CCPs.

AP8.1.3.3. The time standard for CONUS intransit time (i.e., segment F) is one of the following:

AP8.1.3.3.1. For a CONUS shipment, the time from release of the shipment by the storage site (or military base) to the carrier until receipt by a CONUS consignee.

AP8.1.3.3.2. For an OCONUS shipment that is processed by one of the two designated CONUS CCPs, the elapsed time from release by the CCP to receipt by the POE.

AP8.1.3.3.3. For an OCONUS shipment that is not processed by one of the two designated CONUS CCPs, elapsed time from release by the storage activity to receipt by the POE.

AP8.1.3.4. The time standard for POE (i.e., segment G) includes port hold time to account for time cargo awaits lift.

AP8.2. AREAS. Areas are defined as CONUS, airlift and/or sealift areas (Areas A through D), and express service (listed as EXP).

AP8.2.1. Airlift areas are, as follows:

AP8.2.1.1. Area A. To locations in the vicinity of Alaska (Elmendorf AFB); Hawaii (Hickam AFB); North Atlantic (Thule AB, Greenland, and NAVSTA Keflavik, Iceland); Caribbean (NAS Guantanamo Bay, Cuba, and NAVSTA Roosevelt Roads, Puerto Rico); and Central America (Howard AFB, Panama).

AP8.2.1.2. Area B. To locations in the vicinity of United Kingdom (RAF Mildenhall, England) and Northern Europe (Ramstein AB, Germany, Rhein Main AB, Germany, and Lajes AB, Portugal (Azores)).

AP8.2.1.3. Area C. To locations in the vicinity of Japan (Yokota AB and Kadena AB (Okinawa)); Korea (Osan AB); Guam (Andersen AFB); and Western Mediterranean (Spain (NAVSTA Rota), Italy (Aviano AB, NAS Sigonella, Olbia, and Naples)).

AP8.2.1.4. Area D. Hard lift areas - all other destinations not listed as determined by U.S. Transportation Command, e.g. low use Alaska (Eielson AFB, Adak, Eareckson AS, and Galena); low use Japan (Itazuke, MCAS Iwakuni, Misawa AB); low use Korea (Kunsan AB and Kimhae); Indian Ocean (Diego Garcia); New Zealand (Christchurch); Singapore (Paya Lebar); Greece (Souda Bay); Turkey (Incirlik AB); Southwest Asia (Saudi Arabia (Dharan and Riyadh), Kuwait, Bahrain, Oman (Fujairah)); and Israel (Tel Aviv). The time standards for port of debarkation (POD) for Area D are lower than the other areas.

AP8.2.1.5. EXP. Express service is only for commercial air shipments that are transportation priority 1 with a maximum weight of 150 pounds and an RDD of 999, 777, N__, or E__. It is an alternative service to be used for time-sensitive cargo when established Air Mobility Command channel service is not adequate. The intransit-to-theater standard for express service (i.e., segment H) encompasses the total time for contract transportation rather than node to node for shipments within the Defense distribution system which has multiple nodes and activities.

AP8.2.1.5.1. An RDD equal to "999" indicates an expedited handling requirement for Non-Mission-Capable-Supply (NMCS) overseas customers or CONUS customers deploying within 30 days. That RDD applies to requisitions with priority designators 01 through 03.

AP8.2.1.5.2. Subparagraphs AP8.4.1.3., AP8.4.1.4., and AP8.4.1.5., below, describe the assignment of an RDD of 777, N__, or E__, respectively. Those RDDs apply to requisitions with priority designators 01 through 08.

AP8.2.1.6. Deployed Navy afloat units shall be measured against time standards in areas A through D based on their current area of operation. Afloat units operating from CONUS ports shall be measured against time standards in area A.

AP8.2.2. Sealift areas are, as follows:

AP8.2.2.1. Area A. Alaska (Anchorage, Fairbanks), Hawaii, Puerto Rico, and NAVSTA Guantanamo Bay, Cuba.

AP8.2.2.2. Area B. United Kingdom, Belgium, the Netherlands, Luxembourg, Germany, Central America, Johnston Island, Spain, Italy, Greece, Turkey, Israel, Egypt, Iceland, and the Azores.

AP8.2.2.3. Area C. Japan (including Okinawa), Korea, Guam, and Kwajalein Island.

AP8.2.2.4. Area D. Australia, New Zealand, Southwest Asia, Seychelles, China, the Philippines, India, Pakistan, Diego Garcia, Thailand, Malaysia, Singapore, Saipan, East Africa, and West Africa.

AP8.2.2.5. Hard Lift Areas. For areas not in subparagraphs AP8.2.2.1 through AP8.2.2.4., above, Sealift Area D maximum segment times should be used. Greenland, Ascension Island, and West Alaska have either no scheduled service from CONUS, infrequent service, or seasonal service.

AP8.3. TIME STANDARDS FOR TRANSPORTATION PRIORITY 1

AP8.3.1. Transportation priority 1 applies to requisitions with priority designators 01 through 03 and all required delivery dates (RDDs).

AP8.3.2. These time standards in Table 1. apply for transportation priority 1:

Table 1. UMMIPS Time Standards for Transportation Priority 1

	AREA					
PIPELINE SEGMENT	CONUS	A	B	C	D	EXP
A. Requisition Submission Time	.5	.5	.5	.5	.5	.5
B. ICP Processing Time	.5	.5	.5	.5	.5	.5
C. Storage Site (or Base) Processing, Packaging and Transportation Hold Time	1	1	1	1	1	1
D. Storage Site to CCP Transportation Time	N/A	1	1	1	1	N/A
E. CCP Processing Time	N/A	.5	.5	.5	1	N/A
F. CONUS In-Transit Time	1	1	1	1	1	N/A
G. POE Processing and Hold Time	N/A	1	1	1	2	N/A
H. In-transit to Theater Time	N/A	1	1	1	1.5	3
I. POD Processing Time	N/A	.5	.5	.5	1	N/A
J. In-Transit, Within-Theater time	N/A	1	1	1	1	1
K. Receipt Take-Up Time	.5	.5	.5	.5	.5	.5
Total Order-to-Receipt Time	3.5	8.5	8.5	8.5	11	6.5

AP8.4. TIME STANDARDS FOR TRANSPORTATION PRIORITY 2

AP8.4.1. Transportation priority 2 applies to requisitions with priority designators 04 through 15 and these RDDs:

AP8.4.1.1. 444. An RDD equal to "444" indicates handling service for customers collocated with the storage activity or for locally negotiated arrangements.

AP8.4.1.2. 555. An RDD equal to "555" indicates exception to mass requisition cancellation, expedited handling required.

AP8.4.1.3. 777. An RDD equal to "777" indicates expedited handling required for reasons other than indicated for 444 or 555.

AP8.4.1.4. N__. An RDD equal to "N__" (where "_" is any alphanumeric character) indicates expedited handling due to NMCS requirement CONUS customer.

AP8.4.1.5. E__. An RDD equal to "N__" (where "_" is any alphanumeric character) indicates expedited handling due to anticipated NMCS requirement CONUS customer.

AP8.4.1.6. Specific Julian Date Less Than 8 Days. An RDD equal to a Julian date that is within 8 days of the Julian date the requisition or associated shipment is being processed indicates handling to meet that date of delivery.

AP8.4.2. These time standards in Table 2. apply for transportation priority 2:

Table 2. UMMIPS Time Standards for Transportation Priority 2

	AREA				
PIPELINE SEGMENT	CONUS	A	B	C	D
A. Requisition Submission Time	.5	.5	.5	.5	.5
B. ICP Processing Time	.5	.5	.5	.5	.5
C. Storage Site (or Base) Processing, Packaging and Transportation Hold Time	1	1	1	1	1
D. Storage Site to CCP Transportation Time	N/A	3	3	3	3
E. CCP Processing Time	N/A	1	1	1	1
F. CONUS In-Transit Time	4	2.5	2.5	2.5	2.5
G. POE Processing and Hold Time	N/A	2	2	2	3
H. In-transit to Theater Time	N/A	1	1	1	1.5
I. POD Processing Time	N/A	.5	.5	.5	1
J. In-Transit, Within-Theater time	N/A	1	1	1	1
K. Receipt Take-Up Time	1	1	1	1	1
Total Order-to-Receipt Time	7	14	14	14	16

AP8.5. TIME STANDARDS FOR TRANSPORTATION PRIORITY 3

AP8.5.1. Transportation priority 3 applies to requisitions with priority designators and RDDS indicating routine handling.

Those priority designators are 04 through 15, and those RDDs are Julian dates that are blank or greater than 8 days from Julian dates when the requisition and associated shipment(s) are being processed.

AP8.5.2. These time standards in Table 3. apply for transportation priority 3:

Table 3. UMMIPS Time Standards for Transportation Priority 3

	AREA				
PIPELINE SEGMENT	CONUS	A	B	C	D
A. Requisition Submission Time	1	1	1	1	1
B. ICP Processing Time	1	1	1	1	1
C. Storage Site (or Base) Processing, Packaging and Transportation Hold Time	3	3	3	3	3
D. Storage Site to CCP Transportation Time	N/A	7	7	7	7
E. CCP Processing Time	N/A	5	5	5	10
F. CONUS In-Transit Time	9	7	7	7	7
G. POE Processing and Hold Time	N/A	5	5	5	10
H. In-transit to Theater Time	N/A	5	12	19	27
I. POD Processing Time	N/A	3	3	3	5
J. In-Transit, Within-Theater time	N/A	5	5	5	5
K. Receipt Take-Up Time	2	2	2	2	2
Total Order-to-Receipt Time	16	44	51	58	78

AP8.6. DERIVATION OF PRIORITY DESIGNATORS

AP8.6.1. These derivations of priority designator apply based on FAD and UND assignments (see Appendix AP9, below):

FAD	UND A	UND B	UND C
I	01	04	11
II . . .	02	05	12
III . . .	03	06	13
IV . . .	07	09	14
V	08	10	15

AP8.6.2. In those special circumstances that do not deal with routine replenishment of stock, requisitioners may use the following stated priority designators, irrespective of FAD:

AP8.6.2.1. Priority designator 03 shall be used by all activities for medical or disaster supplies or equipment required immediately for the following:

AP8.6.2.1.1. Prolonging life, relieving avoidable suffering, or expediting recovery in case of injury, illness, or disease.

AP8.6.2.1.2. Avoiding or reducing the impact of epidemics or similar potential mass illnesses or disease when in the opinion of a medical professional the probability of an epidemic or similar mass illness or disease is imminent.

AP8.6.2.2. Priority designator 03 shall be used by all activities for emergency supplies or equipment required immediately for controlling civil disturbance, disorder, or rioting.

AP8.6.2.3. Priority designator 06 shall be used by all activities for immediate emergency supply of individual and organizational clothing to active duty military personnel who are without the required essential clothing.

AP9. APPENDIX 9

UMMIPS RESPONSIBILITIES

AP9.1. The DUSD(L) Shall Do the Following:

AP9.1.1. Monitor implementation of UMMIPS and compliance with established system requirements.

AP9.1.2. Resolve all requests for deviation or exemption from UMMIPS submitted by the DoD Components and the other Federal Agencies.

AP9.1.3. Establish criteria for allocating critical materiel in the DoD distribution system to resolve competing requirements among the DoD Components, non-DoD Federal Agencies, foreign governments, and/or foreign agencies.

AP9.1.4. Issue criteria, in coordination with the Chairman of the Joint Chiefs of Staff and, when temporary imperative situations require deviations from those criteria, issue supplemental UMMIPS provisions to ensure delivery of selected items that are urgently needed for a mission or operation, or for a program vital to the Department of Defense or U.S. objectives.

AP9.1.5. Charter periodic reviews of UMMIPS operations to ensure consistent interpretation and uniform application of the system at all echelons, to analyze the validity of established time standards, and to improve and simplify UMMIPS.

AP9.1.6. Coordinate policy guidance, instructional memoranda, and system requirements within the OSD, as applicable.

AP9.2. The Chairman of the Joint Chiefs of Staff Shall Do the Following:

AP9.2.1. Establish mechanisms to supervise overall implementation of Secretary of Defense guidance on assignment of UMMIPS Force or Activity Designators (FADs) to U.S. and foreign country forces and activities. That responsibility includes the following:

AP9.2.1.1. Recommending FAD I for forces, activities, programs, or projects to the Secretary of Defense for approval.

AP9.2.1.2. Assigning FADs II through V to U.S. and foreign country forces and to programs and projects based on the guidance in the following paragraphs.

AP9.2.1.3. The FAD assignment is based on DoD importance or mission essentiality. To ensure that the unique impact of FAD I requisitions on the supply system is preserved, FAD I assignments are reserved for those units, projects or forces that are most

important militarily in the opinion of the Chairman of the Joint Chiefs of Staff and that are approved by the Secretary of Defense. Accordingly, the lowest FAD required to indicate relative importance of the force, activity, unit, or project shall be assigned. Assignment of lower FADs for segments of organizations, phases or programs, or for individual situations shall be made where possible.

AP9.2.1.3.1. Designator I shall be assigned to the following:

AP9.2.1.3.1.1. Programs that have been approved for top national priority by the President as set forth in the BRICK-BAT Category of the latest DoD Master Urgency List (MUL). The automatic FAD ranking shall continue after a given program enters operational use as long as that program remains in the BRICK-BAT category of the DoD MUL. When a program drops from the BRICK-BAT Category, the use of FAD I may continue, if considered necessary, for 90 days to allow for the processing of a request for determination, in accordance with the subparagraph AP9.2.1.3.1.2, below. Continuance of the FAD I does not permit continued use of the BRICK-BAT Category or the counterpart DX industrial priority rating since termination in that category is effective immediately and is carried out as prescribed in the applicable program directive.

AP9.2.1.3.1.2. Units, projects, or forces, including foreign country forces, that have been specifically designated by the Secretary of Defense on the recommendation of the Chairman of the Joint Chiefs.

AP9.2.1.3.2. Designator II shall be assigned to the following:

AP9.2.1.3.2.1. Units (combat, combat support, or combat service support) engaged in or assigned to combat zone operations as specified by the Chairman of the Joint Chiefs of Staff or the supported commander in chief.

AP9.2.1.3.2.2. Units engaged in military operations as designated by the Chairman of the Joint Chiefs of Staff through the Joint Operation, Planning and Execution System (JOPES). Designation shall specifically authorize FAD II and the period for which FAD II authorization is effective.

AP9.2.1.3.2.3. Specified units of allied nations meeting the requirements in subparagraphs AP9.2.1.3.2.1 and AP9.2.1.3.2.2, above, as designated by the Chairman of the Joint Chiefs of Staff. Units and/or activities supporting allied nations as designated by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.2.4. Strategic Integrated Operational Plan (SIOP) specifically tasked units.

AP9.2.1.3.2.5. Industrial maintenance and repair activities providing "direct repair and return" for a FAD I and II non mission capable requirement. (That does not include repair and return to stock for the FAD I and II units.)

AP9.2.1.3.3. Designator III shall be assigned to the following:

AP9.2.1.3.3.1. Units (combat, combat support, or combat service support) designated to deploy in support of National Security objectives when directed by the National Command Authority (NCA) within C+30 days as designated by the Services. Combat training units supporting those units as designated by the Services and approved by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.3.2. Units (combat, combat support, or combat service support) engaged in military operations as specified by the Commander in Chief or by the Chairman of the Joint Chiefs through JOPES. Designation shall specifically authorize FAD III and the period for which FAD III authorization is effective.

AP9.2.1.3.3.3. Pre-positioned War Reserve Materiel starter/swing stocks as designated by the Services and approved by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.3.4. Specified units of allied nations meeting the requirements in subparagraphs AP9.2.1.3.3.1 and AP9.2.1.3.3.2, above, as designated by the Chairman of the Joint Chiefs of Staff. Units and/or activities supporting allied nations as designated by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.3.5. Industrial maintenance and repair activities (including base level organic repair functions) providing direct logistics support for FAD III units and direct logistic support other than "direct repair and return" for FAD I and II units. Overseas industrial activities shall utilize the FAD specified in the applicable contract.

AP9.2.1.3.3.6. Federal Agency programs vital to the Department of Defense or national security objectives and designated in writing for FAD III authorization by the Secretary of Defense.

AP9.2.1.3.4. Designator IV shall be assigned to the following:

AP9.2.1.3.4.1. Units (combat, combat support, or combat service support) designated to deploy in support of National Security objectives when directed by NCA beyond C+30 days as designated by the Services. Combat training units

supporting those units as designated by the Services and approved by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.4.2. Units (combat, combat support, or combat service support) engaged in military operations as specified by the Commander in Chief or by the Chairman of the Joint Chiefs through JOPES. Designation shall specifically authorize FAD IV and the period for which FAD IV authorization is effective.

AP9.2.1.3.4.3. Specified units of allied nations meeting the requirements in subparagraphs AP9.2.1.3.4.1 and AP9.2.1.3.4.2, above, as designated by the Chairman of the Joint Chiefs of Staff. Units and/or activities supporting allied nations as designated by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.4.4. Critical logistical, mobilization support, and medical units and/or activities as designated by the Services and approved by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.3.4.5. Federal Agency programs designated in writing for FAD IV authorization by the Secretary of Defense.

AP9.2.1.3.5. Designator V shall be assigned to the following:

AP9.2.1.3.5.1. All remaining U.S. units, activities, and programs.

AP9.2.1.3.5.2. All other units of foreign allied nations as designated by the Chairman of the Joint Chiefs of Staff.

AP9.2.1.4. Delegating authority to Heads of the DoD Components and other Federal Agencies, if necessary, to assign FADs II through V to their respective forces, activities, programs, and projects.

AP9.2.2. Coordinate policy and supporting procedures for allocation of defense articles among U.S., allied, and friendly forces during periods of military crisis and war.

AP9.2.3. Conduct annual audits of each FAD I assignment to ascertain continued validity for those assignments that previously had been approved by the Secretary of Defense. Participate in the periodic reviews, initiated by the OSD, to determine applicable modifications to the existing DoD MUL. Periodically review FAD assignments for which the Chairman of the Joint Chiefs of Staff has not delegated the authority to make assignments to the other DoD Components (e.g., FADs for joint programs and FADs for foreign countries).

AP9.2.4. Through the Joint Materiel Priorities and Allocations Board, establish, modify, or recommend priorities for allocating materiel assets in the DoD distribution system when competing requirements among the DoD Components cannot be resolved by the DoD Components.

AP9.3. The Defense Security Assistance Agency shall allocate materiel and establish priorities for distribution of security assistance program materiel in support of approved military assistance programs (MAP), foreign military sales, or special defense acquisition fund programs except during periods of crisis and war when the Secretary of Defense has delegated that authority to the Chairman of the Joint Chiefs of Staff.

AP9.4. The Heads of the DoD Components Shall Do the Following:

AP9.4.1. Designate a single office of primary responsibility, and identify that office to the DUSD(L), to act as focal point for UMMIPS matters. The functions of these offices include, but are not limited to, the following:

AP9.4.1.1. Assigning FADs II through V to units, activities, programs, and projects of their respective DoD Components, if such authority has been granted by the Chairman of the Joint Chiefs of Staff.

AP9.4.1.2. Keeping abreast of their respective FAD assignments.

AP9.4.1.3. Monitoring the use of the UMMIPS throughout their respective DoD Components.

AP9.4.1.4. Developing and submitting to the DUSD(L) a DoD Component position paper on all system revision proposals.

AP9.4.2. Develop and publish implementing regulations that conform to the policies and standards in DoD Directive 5010.38 (reference (rr)) and the criteria outlined herein that are applied at the operating levels where UMMIPS is used.

AP9.4.3. Conduct continuing internal training programs to ensure effective operation and accurate application of the system.

AP9.4.4. Conduct command and administrative audits and inspections by reviewing internal operations with the objective of eliminating and preventing abuses, misapplication, and misinterpretation of UMMIPS.

AP9.4.5. Enforce accurate use of UMMIPS through applicable disciplinary action for the deliberate misuse of the system.

AP9.4.6. Conduct annual reviews to validate the propriety of FADs assigned to units in their respective DoD Components.

AP9.4.7. Develop internal performance goals for measuring performance against the established UMMIPS time standards .

AP9.4.8. Participate in joint development efforts and periodic evaluations of UMMIPS.

AP9.5. The GSA Shall Do the Following:

AP9.5.1. Act as the UMMIPS focal point for non-DoD Federal Agencies.

AP9.5.2. Implement UMMIPS through publication of the Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) Operating Guide.

AP9.6. Commanding Officers or the Heads of Requisitioning Activities Shall Do the Following:

AP9.6.1. Ensure that the assignment of priority designators is valid and accurate, and consistent with FADs assigned by higher authority as well as the existing urgency of need. Additionally, they must ensure that required delivery dates that are assigned to requisitions are valid. Similarly, commanding officers of international logistics control offices that receive requisitions from MAP requisitioners are responsible for review of assigned priority designators and delivery dates.

AP9.6.2. Personally review, or delegate in writing to specific personnel the authority to review, all requirements that are assigned an urgency of need designator (UND) A on the basis of an inability to perform a mission. That review shall be done before the transmission of requisitions to the source of supply; and in cases in which the assignment of UND A is sustained, it constitutes a certification that the assignment is correct.

AP9.6.3. Delegate in writing to specific personnel the authority to review all requirements based on UND B to certify that the urgency was accurately determined. That review shall be done before the transmission of requisitions to the source of supply.

AP10. APPENDIX 10

LEVELS OF PROTECTION

AP10.1. Level of protection is defined as a means of specifying the level of military preservation and packing that a given item requires to assure that it is not degraded during shipment and storage

AP10.2. These levels of protection are specified in MIL-STD-2073-1C (reference (111)):

AP10.2.1. Military Level of Preservation. Preservation designed to protect an item during shipment, handling, indeterminate storage, and distribution to consignees worldwide.

AP10.2.2. Military Levels of Packing

AP10.2.2.1. Level A. Protection required to meet the most severe worldwide shipment, handling, and storage conditions. A Level A pack must, in tandem with the applied preservation, be capable of protecting material from the effects of direct exposure to extremes of climate, terrain, and operational and transportation environments. Examples of situations that indicate a need for use of Level A pack are: war reserve stocks, mobilization, strategic and theater deployment and employment, open storage, and deck loading. Examples of containers used for Level A packing requirements include, but are not limited to, overseas type wood boxes, and plastic and metal reusable containers.

AP10.2.2.2. Level B. Protection required to meet moderate worldwide shipment, handling, and storage conditions. A Level B pack must, in tandem with the applied preservation, be capable of protecting material not directly exposed to extremes of climate, terrain, and operational and transportation environments. Examples of situations that indicate a need for use of Level B pack are: security assistance (e.g., Foreign Military Sales (FMS)) and containerized overseas shipments. Examples of containers used for Level B packing requirements include, but are not limited to, domestic wood crates, weather-resistant fiberboard containers, fast pack containers, weather-resistant fiber drums, and weather-resistant paper and multi-wall shipping sacks.

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AP11. APPENDIX 11

CHARTER FOR THE DEFENSE PACKAGING POLICY GROUP (DPPG)

AP11.1. OBJECTIVES

DPPG is a permanent forum established to develop and recommend changes to policy, guidance, and standardization of packaging throughout the Military Services and the DLA. Special areas of interest include the following:

AP11.1.1. New and/or improved packaging equipment, methods, and concepts.

AP11.1.2. Engineering and data development.

AP11.1.3. Training.

AP11.1.4. Increased productivity and overall cost improvement and effectiveness.

AP11.1.5. International and domestic packaging and transportation requirements and/or changes.

AP11.1.6. Environmental issues and/or mandates.

AP11.1.7. Implementation and transition for Defense Management Review Decisions, Corporate Information Management System and/or Interim System, and factors relative to packaging and/or system support.

AP11.1.8. Military packaging standardization and simplification.

AP11.2. RESPONSIBILITIES. DPPG is responsible for operating under sections AP11.3 and AP11.4, below, and for initiating issues and resolving differences. Specific membership is recommended by the Chair, using selection criteria developed by the DPPG, and approved by the Deputy Under Secretary of Defense (Logistics). In the absence of the Chair, the Executive Secretary (ES) shall assume that duty. The DPPG is composed of packaging managers from the following:

AP11.2.1. Office of the Deputy Under Secretary of Defense (Logistics) {ODUSD(L) MRM}.

AP11.2.2. Army Materiel Command Logistics Support Activity Packaging Storage, and Containerization Center (AMC LOGSA PSCC) (AMXLS-TP-P).

AP11.2.3. HQ Naval Supply Systems Command (NAVSUPSYSCOM) (SUP 4122D).

AP11.2.4. HQ Air Force Materiel Command (AFMC) Logistics Support Office (Packaging).

AP11.2.5. HQ United States Marine Corps, Deputy Chief of Staff for Installation and Logistics (LPP-2).

AP11.2.6. DLA - Defense Logistics Support Command (DLSC-LDD).

AP11.2.7. Dean, School of Military Packaging Technology (SMPT) (ATSZ-MP).

AP11.3. FUNCTIONS

AP11.3.1. DPPG members shall provide and/or exchange information and develop, coordinate, and recommend packaging policy to the ODUSD (L), work together to detect and recommend solutions to packaging policy problems, and promote the standardization of packaging within the Department of Defense. Consideration shall be given to individual Service and/or Agency unique requirements.

AP11.3.2. The DPPG shall provide a forum to advise SMPT on the development and improvement of DoD packaging and training, and ensure that SMPT programs respond to DoD needs. Members shall assist the SMPT staff in developing new packaging programs of instruction, correct deficiencies identified in course contents, and pursue joint resolution of packaging training concerns and/or problems. Recommendations by members for the establishment of new courses of instruction to meet individual or collective service needs shall be forwarded to the Chair for approval by the ODUSD (L).

AP11.3.3. The DPPG shall establish working groups as required to improve operational packaging techniques, study and resolve specific packaging issues common to the Services and DLA to avoid duplication of effort; and promote standardization.

AP11.3.4. The DPPG shall conduct an annual awards program for excellence and achievement in packaging as presented in Attachment 1.

AP11.4. PROCEDURES

AP11.4.1. Organization. The ODUSD(L) member shall chair the DPPG; in the absence of the ODUSD(L) member, the ES shall chair the DPPG. DPPG members other than the ODUSD(L) member shall rotate as the ES every 2 years in the following order of the Air Force, the Army, the Marine Corps, the Navy, the DLA, and the SMPT.

AP11.4.2. Meetings. The DPPG shall meet semiannually or at the call of the Chair, who shall designate the dates and location of the meeting, and notify the ES. The ES shall notify DPPG

membership and invited activities and request proposed agenda topics at least 60 days before the meeting.

AP11.4.3. Agenda. Members shall provide proposed agenda topics, with talking papers, to the ES and other members 30 days before the meeting. The ES shall develop and distribute the final agenda at least 15 days prior to the meeting.

AP11.4.4. Minutes. The ES shall prepare the meeting minutes and submit them to the Chair within 30 days after each meeting. The ES shall also submit a DPPG coordinated report of accomplishments to the Chair for approval and distribution to the members and offices of primary responsibility (OPR) by 31 March of each year.

AP11.4.5. Travel Funds. The participating organizations shall provide travel funds for their members to participate in the DPPG meetings.

AP11.4.6. Decision-making Process. DPPG is a decision-making group that recommends packaging policy to the ODUSD(L). Policy recommendations shall be determined in this manner:

AP11.4.6.1. Discuss the issue, provide input, and/or request more information if necessary.

AP11.4.6.2. Discuss alternatives.

AP11.4.6.3. Determine by collective voice vote if consensus, i.e., general agreement, has been reached.

AP11.4.6.4. If consensus has not been reached, identify points of conflict and agreement, and attempt to negotiate a solution.

AP11.4.6.5. If consensus still has not been reached, a motion on the issue must be made and passed by a majority vote. If the vote results in a tie, the Chair has the right to cast the deciding vote. The Chair may also choose not to vote, in which case the tie fails for lack of a majority vote.

AP11.4.6.6. Detailed rebuttals concerning majority approved issues may be made in writing to the Chair not later than 45 days after publication of the meeting minutes, for timely review and decision. Rebuttals must be fully substantiated to support opposing positions.

AP11.4.7. Communication. All DPPG members may communicate directly with the Chair.

AP11.4.8. Guests. Members shall be responsible for the invitation of their respective Service and/or Agency guests. To maintain the effectiveness of the DPPG, guests should be limited to those who may contribute significantly to the established

agenda. Guest attendance is subject to approval by the Chair, or the ES in the absence of the Chair.

AP11.A1. ATTACHMENT 1 TO APPENDIX 11

PACKAGING AWARDS FOR EXCELLENCE AND ACHIEVEMENT

AP11.A1.1. PURPOSE OF AWARDS. By bestowing awards for packaging excellence and achievement, the DPPG shall recognize and honor the most outstanding individuals in the DoD packaging community who have contributed significantly to the packaging effort. This Attachment prescribes the policies, procedures, and guidelines that to do the following:

AP11.A1.1.1. Set forth selection criteria and establish the award categories.

AP11.A1.1.2. Provide the annual award to do the following:

AP11.A1.1.2.1. Increase interest in packaging development, productivity, and efficiency throughout DoD.

AP11.A1.1.2.2. Improve the overall visibility of DoD packaging functions and accomplishments.

AP11.A1.1.2.3. Recognize the achievements of personnel who perform packaging "above and beyond" normal duties.

AP11.A1.2. APPLICABILITY OF AWARDS. The awards program applies to DoD personnel who directly or indirectly perform packaging functions and/or contributed significantly to the DoD packaging program.

AP11.A1.3. RESPONSIBILITIES FOR AWARDS

AP11.A1.3.1. The DPPG Members Shall Do the Following:

AP11.A1.3.1.1. Evaluate the award package submissions and select, by majority vote, an award recipient for each nominated category.

AP11.A1.3.1.2. Approve the design of the plaques and certificates to be awarded.

AP11.A1.3.1.3. Provide the names and categories of the award recipients to the ODUSD(L) or Executive Secretary by 1 March for the previous year (e.g., 1996 awards should be submitted by 1 March 1997).

AP11.A1.3.1.4. Other than the ODUSD(L) member, shall rotate as the DPPG awards point of contact every 2 years in the following order of the Air Force, the Army, the Marine Corps, the Navy, the DLA, and the SMPT.

AP11.A1.3.1.5. Develop award publicity for ODUSD(L) and distribute the information to generate competition for the awards.

AP11.A1.3.2. Nominators should do the following:

AP11.A1.3.2.1. Submit no more than one nomination (person or group) in each category for each award year.

AP11.A1.3.2.2. Forward all requested documentation to the DPPG awards point of contact by 1 November.

AP11.A1.3.3. Supervisor of a nominee shall prepare a letter of recommendation to be forwarded in conjunction with the award nomination submission. If the first line supervisor is the nominator, the second line supervisor shall prepare the letter of recommendation.

AP11.A1.4. AWARDS CATEGORIES

AP11.A1.4.1. DPPG Packaging Excellence Award

AP11.A1.4.1.1. Nominee must be a General Schedule (GS) employee or military equivalent (officer).

AP11.A1.4.1.2. Nominee must be a packaging specialist, technologist, engineer, chemist, instructor, or similar position within the packaging community or directly related field.

AP11.A1.4.2. DPPG Packaging Achievement Award

AP11.A1.4.2.1. Nominee must be a wage schedule (WG, WL, or WS) employee or military equivalent (enlisted).

AP11.A1.4.2.2. Nominee must work in the packaging field.

AP11.A1.5. ELIGIBILITY REQUIREMENTS FOR AWARDS

AP11.A1.5.1. The employee must have been assigned to the nominating activity.

AP11.A1.5.2. When an employee's nomination criterium is a single outstanding event, the event (or sustained performance) must have been performed during the year of nomination.

AP11.A1.6. NOMINATION CRITERIA FOR AWARDS. Nominations should be based on, but not limited to, at least one of the following:

AP11.A1.6.1. An initiated and/or recommended policy, procedure, or operational change that resulted in a documented reduction in man-hours, costs, or simplified and/or reduced administrative duties.

AP11.A1.6.2. Suggestion awards, accepted value engineering change proposals, validated cost reductions, or cost avoidance actions,

AP11.A1.6.3. Documented self-improvement training that is non-mandatory, performed after duty hours, and is mission-oriented.

AP11.A1.6.4. Official performance awards received; e.g., Exceptional and/or Outstanding Performance Appraisal, Sustained Superior Performance Award, and/or Special Act Award. An award background statement is required.

AP11.A1.6.5. Significant system and/or operation improvements or enhancements.

AP11.A1.6.6. Significantly increased and/or consistently outstanding production and job performance.

AP11.A1.6.7. Novel or unique packaging designs, or redesigns, resulting in more efficient or cost effective packages.

AP11.A1.7. AWARDS PROCEDURES

AP11.A1.7.1. Any person in the packaging field and/or community may nominate any other person so long as the established limits of this Attachment are followed.

AP11.A1.7.2. Nomination packages must include the following:

AP11.A1.7.2.1. Employee name and the category for which the employee is being nominated.

AP11.A1.7.2.2. Biographical summary of the employee. The summary should include length of service, dates of service, promotions, self-development endeavors, and educational background, as applicable.

AP11.A1.7.2.3. Specific justification and accomplishments in one or more of the areas identified in the nomination criteria in AP11.4.6.

AP11.A1.7.2.4. A letter of recommendation from the nominee's immediate supervisor or second level supervisor if the immediate supervisor is the nominator.

AP11.A1.8. PRESENTATION OF AWARDS

AP11.A1.8.1. The ODUSD(L) shall present the awards at the Pentagon. The date and location shall be determined based on the availability of the DUSD(L).

AP11.A1.8.2. A certificate of achievement, plaque, and a 1 year membership in the National Institute of Packaging, Handling,

and Logistic Engineers shall be presented to the individual recipients.

AP11.A1.8.3. The recipient's parent organization is responsible for funds for travel and for each day. The ODUSD(L) shall provide funds for the plaques.

AP12. APPENDIX 12

CHARTER FOR THE DoD JOINT PHYSICAL INVENTORY WORKING GROUP (JPIWG)

AP12.1. PURPOSE

This Charter establishes the DoD JPIWG to develop, maintain, and improve the program of physical inventory control for DoD supply system materiel.

AP12.2. ORGANIZATION AND MEMBERSHIP

AP12.2.1. The DoD Physical Inventory Control Program Administrator, Defense Logistics Support Office, shall chair the JPIWG.

AP12.2.2. Each of the Military Services and the Defense Agencies maintaining supply system stock shall provide a representative with the necessary physical inventory functional and automatic data processing expertise. Each representative shall have a designated comptroller point of contact with accounting expertise to assist the JPIWG member in accounting matters.

AP12.2.3. The Comptroller of the Department of Defense shall provide one representative, preferably from the Directorate for Accounting Policy.

AP12.3. FUNCTIONS. The functions of the JPIWG are to do, as follows:

AP12.3.1. Evaluate the physical inventory control program for DoD supply system materiel and recommend system enhancements as changes to DoD 4000.25-2-M (reference (p)).

AP12.3.2. Review and analyze inventory control effectiveness (ICE) reports and provide such analysis and recommendations to the DUSD(L).

AP12.3.3. Resolve inter-Service problems through direct coordination among the JPIWG members.

AP12.3.4. Formulate solutions to problems presented to the JPIWG.

AP12.3.5. Recommend policy changes to the DUSD(L) as necessary.

AP12.4. RESPONSIBILITIES

AP12.4.1. The Chair of the JPIWG Shall Do the Following:

AP12.4.1.1. Ensure the accomplishment of JPIWG objectives and discharge of its responsibilities.

AP12.4.1.2. Convene the JPIWG as required, but at least quarterly, to resolve problems.

AP12.4.1.3. Submit minutes of each JPIWG meeting to the DUSD(L).

AP12.4.1.4. Submit policy recommendations to the DUSD(L).

AP12.4.1.5. Annually develop and submit to DUSD(L) for approval the Physical Inventory Control Program Plan establishing the JPIWG tasks and milestones for the next 5 years.

AP12.4.1.6. Maintain a current list of representatives to the JPIWG.

AP12.4.1.7. Present problems to the JPIWG for resolution.

AP12.4.2. Service and Agency JPIWG Members Shall Do the Following:

AP12.4.2.1. Attend all JPIWG meetings or ensure alternate Service and Agency representation is provided.

AP12.4.2.2. Furnish the Chair a copy of items of interest for the JPIWG.

AP12.4.2.3. Respond to taskings emanating from JPIWG meetings.

AP12.4.2.4. Present the Service or Agency position and be authorized to negotiate and seek agreement with the JPIWG members to achieve the goals and objectives of the DoD Physical Inventory Control Program.

AP12.5. ADMINISTRATION

Sponsors of JPIWG members shall fund necessary travel and administrative costs associated with JPIWG functions.

AP13. APPENDIX 13

CHARTER FOR THE DOD SHELF-LIFE COMMITTEE

AP13.1. PURPOSE

This Charter establishes objectives and responsibilities of the DoD Shelf-Life Committee to develop, monitor, evaluate, and enhance a program of shelf-life control for DoD and GSA supply system materiel.

AP13.2. MEMBERSHIP

AP13.2.1. The DoD Shelf-Life Program Administrator shall chair the Committee. The DUSD(L) has delegated to the Director, DLA, the DoD Shelf-Life Program Administrator function.

AP13.2.2. Each of the DoD Components and GSA shall provide a representative who has the necessary functional expertise. That representative shall be the focal point for all shelf-life functions within the DoD Component and the GSA.

AP13.2.3. The DUSD(L), the DoD Components, and the GSA shall provide other representatives, as applicable.

AP13.3. RESPONSIBILITIES

AP13.3.1. The Members of the DoD Committee Shall Do the Following:

AP13.3.1.1. Evaluate the Shelf-Life Program for DoD and GSA supply system materiel and recommend system enhancements as changes to DoD 4140.27-M (reference (g)).

AP13.3.1.2. Review and analyze the "DoD Shelf-Life Report," RCS DD-P&L (SA) 1549, for their respective DoD Components and the GSA and provide analysis to the DoD Shelf-Life Program Administrator, as applicable. Monitor and investigate adverse trends and high rates of disposals.

AP13.3.1.3. Make distribution of the "DoD Shelf-Life Report," RCS DD-P&L(SA)1549, to all responsible DoD officials to include, as a minimum, inventory control point shelf-life focal points, and the major operating commands.

AP13.3.1.4. Provide representation to DoD shelf-life committee meetings and recommend that the Department of Defense task the DoD Components and the GSA with any significant actions resulting from these meetings as reflected in the minutes.

AP13.3.1.5. Resolve problems identified by the DoD Components and the GSA through direct coordination within the Committee.

AP13.3.1.6. Furnish the Chair any items of interest for consideration by the Committee.

AP13.3.1.7. Recommend policy changes to the DoD Shelf-Life Program Administrator policy changes, when considered necessary.

AP13.3.1.8. Participate in DoD shelf-life surveillance visits to the DoD Components and GSA activities.

AP13.3.2. The DoD Shelf-Life Program Administrator Shall Do the Following:

AP13.3.2.1. Be responsible to the DUSD(L) for the successful accomplishment of Committee objectives and discharge of Committee responsibilities.

AP13.3.2.2. Recommend policy changes to the DUSD(L), when deemed necessary.

AP13.3.2.3. Convene the Committee when required to resolve problems and discuss other items of interest.

AP13.3.2.4. Submit minutes of each Committee meeting and surveillance trip report to the DUSD(L), to the DoD Components, and to the GSA.

AP13.3.2.5. Present to the Committee for resolution any problems that have arisen during the surveillance visits.

AP13.3.2.6. Maintain DoD 4140.27-M (reference (g)).

AP13.3.2.7. Maintain a current list of representatives to the Committee.

AP13.3.2.8. Submit the "DoD Shelf-life Report" to the DUSD(L) and furnish copies to the Committee members.

AP13.3.2.9. Serve as Chair to resolve problems resulting from surveillance visits, audits, or proposals from management. Forward the Committee's recommendations to the DUSD(L) if significant actions are required by the DoD Components and the GSA.

AP13.4. ADMINISTRATIVE

AP13.4.1. Meetings shall be conducted quarterly at the call of the Chair and surveillance visits shall be conducted at least semi-annually.

AP13.4.2. Sponsors of Committee members shall fund necessary travel and administrative costs associated with Committee meetings and surveillance visits.

AP14. APPENDIX 14

CHARTER FOR THE DOD UNIQUE ITEM TRACKING COMMITTEE (UITC)

AP14.1. PURPOSE

This Charter establishes the DoD UITC to approve Component programs for tracking individual assets for selected items used within the Department, maintain a central repository of all Component programs, identify programs for inter-component adoption, and recommend improvements in UIT program concepts and technology.

AP14.2. ORGANIZATION AND MANAGEMENT

AP14.2.1. The Defense Logistics Management Standards Office shall chair the DoD UITC.

AP14.2.2. Each Military Service, Defense Agency, and participating external organizations shall provide a representative to the UITC with the functional and technical expertise needed to execute the UITC responsibilities.

AP14.3. FUNCTIONS

The DoD UITC Shall Do the Following:

AP14.3.1. Coordinate actions essential to the improvement of DoD UIT programs.

AP14.3.2. Review and approve programs for intra-Component tracking at the national and local levels to ensure the programs do not conflict with or duplicate established inter-Component programs.

AP14.3.3. Recommend disapproval of NUIT programs and establishment or inter-Component NUIT programs to the Deputy Under Secretary of Defense for Logistics (DUSD(L)).

AP14.3.4. Maintain a record of all approved and disapproved DoD and Component UIT programs to include the reason for disapproval.

AP14.3.5. Provide direction and oversight to the Joint Small Arms Coordinating Group (JSACG) and other commodity or program oriented groups dedicated to unique item tracking.

AP14.3.6. Review UIT programs and recommend to the DUSD(L) changes to DoD policy and procedures, advancements in technology that will improve the effectiveness of UIT programs, and solutions to inter-Component problems identified to the UITC.

AP14.3.7. Develop, recommend, and review enhancements to the Defense Logistics Standard System (DLSS), or its successor the Defense Logistics Management System (DLMS), to resolve problems in, or to improve, inter-Component data exchange.

AP14.4. RESPONSIBILITIES

AP14.4.1. The Chair Shall Do the Following:

AP14.4.1.1. Ensure the accomplishment of UITC functions and discharge of responsibilities.

AP14.4.1.2. Convene the UITC as required, but at least annually, to approve new UIT programs and resolve problems.

AP14.4.1.3. Submit minutes of each UITC meeting to the DUSD(L).

AP14.4.1.4. Maintain a current list of representatives to the UITC.

AP14.4.1.5. Present new UIT programs to the UITC for approval.

AP14.4.1.6. Maintain a current list of all DoD UIT programs for national and local level tracking.

AP14.4.1.7. Present problems to the UITC for review and resolution.

AP14.4.1.8. Submit UITC recommendations for program improvement to the DUSD(L).

AP14.4.2. The DoD Component Representatives Shall Do the Following:

AP14.4.2.1. Attend all UITC meetings.

AP14.4.2.2. Furnish agenda items to the Chair, UITC.

AP14.4.2.3. Respond to taskings emanating from UITC meetings.

AP14.4.2.4. Identify inter-Component UIT problems to the UITC for discussion and formulation of a solution.

AP14.4.2.5. Present the DoD Component position and be authorized to negotiate and seek agreement with UITC members to achieve the objectives and standardization for DoD programs.

AP14.5. ADMINISTRATION

Sponsors of UITC members shall fund necessary administrative and travel costs associated with UITC functions.

AP15. APPENDIX 15

CHARTER FOR THE DOD JOINT SMALL ARMS COORDINGATING GROUP (JSACG)

AP15.1. PURPOSE

This Charter establishes the DoD JSACG to develop, maintain and improve the DoD program for tracking, reporting, validating, and registering the status of small arms by serial number.

AP15.2. ORGANIZATION AND MANAGEMENT

AP15.2.1. The program administrator designated by the Director, Defense Logistics Support Office (DLSO), shall serve as the Chair of the JSACG.

AP15.2.2. The JSACG is comprised of a Chair and representatives of the Military Services, the DLA, and the Systems Administrator for the MILSTRAP. A member of the DUSD(L) staff shall serve as the advisor to the JSACG.

AP15.2.3. The JSACG shall meet at least annually.

AP15.3. FUNCTIONS

The JSACG Shall Do the Following:

AP15.3.1. Coordinate actions essential to the continuing development and operational performance of the DoD Small Arms Serialization Program (DSASP).

AP15.3.2. Ensure DSASP effectiveness and minimize duplication between the DoD Registry and the DoD Component registries.

AP15.3.3. Review the efficiency and effectiveness of the DSASP in achieving established objectives and recommend, through its Chair, to the DUSD(L) policy changes evolving from these reviews.

AP15.3.4. Resolve, if necessary, problems with DSASP and recommend modifying procedures.

AP15.3.5. Develop, review, and recommend system enhancements for incorporation into the DoD Registry and Chapter 12 of DoD 4000.25-2-M (reference (p)).

AP15.3.6. Furnish agenda items of interest to the Chair, JSACG.

AP15.3.7. Establish performance goals for updating the DoD Registry, reconciling discrepancies between the DoD Registry and DoD Components records, and responding to the DoD Registry

inquiries from the DoD Components and authorized law enforcement agencies.

AP15.4. RESPONSIBILITIES

AP15.4.1. The Chair Shall Do the Following:

AP15.4.1.1. Ensure the accomplishment of JSACG objectives and discharge of responsibilities.

AP15.4.1.2. Convene the JSACG at least annually to assess DSASP performance, to recommend DSASP changes, to establish performance goals, and to resolve problems swiftly.

AP15.4.1.3. Establish subgroups when necessary to complete the tasks assigned to the JSACG.

AP15.4.1.4.. Submit policy recommendations to the DUSD(L).

AP15.4.1.5. Forward JSACG-recommended system changes and deviations to the MILSTRAP System Administrator.

AP15.4.1.6. Act as the DoD focal point within the Department of Defense and for non-DoD entities, both public and private, working with DoD Registry users to improve system responsiveness, utility, and efficiency.

AP15.4.1.7. Communicate directly with the Heads of the DoD Component registries on matters of interest to the JSACG.

AP15.4.1.8. Submit minutes of each JSACG meeting to the DUSD(L) through the Executive Agent.

AP15.4.1.9. Maintain a current list of DoD Component JSACG members and of DoD Component registries.

AP15.4.1.10. Present problems to the JSACG for resolution.

AP15.4.2. The Service and Agency Members Shall Do the Following:

AP15.4.2.1. Attend all JSACG meetings or ensure that alternate Service or Agency representation is provided.

AP15.4.2.2. Furnish the Chair a copy of items of interest for the JSACG.

AP15.4.2.3. Respond to taskings emanating from JSACG meetings.

AP15.4.2.4. Present the Service or Agency position and be authorized to negotiate and seek agreement with the JSACG members to achieve the goals and objectives of the DoD Small Arms Serialization Program.

AP15.5. ADMINISTRATION

Sponsors of JSACG members shall fund necessary travel and administrative costs associated with JSACG functions.

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AP16. APPENDIX 16

DEFINITIONS

AP16.1. Acquisition Lead Time. The sum of the administrative lead time and production lead time.

AP16.2. Active Inventory. Materiel that is expected to be consumed within the budget year (2 years) and materiel that has been purchased to meet specific war reserve requirements.

AP16.3. Administrative Lead Time (ALT). The time interval between identification of a need to buy and the letting of a contract or the placing of an order.

AP16.4. Approved Acquisition Objective (AAO). The quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and Allied Forces, in accordance with current DoD policies and plans. That quantity shall be sufficient to support other U.S. Government Agencies, as applicable.

AP16.5. Assembly. An item incorporating a group of subassemblies and/or parts that are put together and that constitute a major subdivision for the final item. An assembly may be an end item or a component of a higher level assembly.

AP16.6. Asset. Primary or secondary materiel, to include materiel on hand and due-in.

AP16.7. Cancellation Request. A transaction that allows a requisitioner or other authorized activities to request cancellation of all or a portion of the quantity of materiel ordered in a previously submitted requisition.

AP16.8. Care of Supplies in Storage (COSIS). A program composed of a set of processes and procedures whose purpose is to ensure that materiel in storage is maintained in ready-for-issue condition or to prevent uneconomic deterioration of unserviceable materiel.

AP16.9. Cataloging. The act of naming, classifying, describing and numbering each item repetitively used, purchased, stocked, or distributed so as to distinguish each item from every other item. Also included is the maintenance of information related to the item and the dissemination of that information to item users.

AP16.10. Classes of Supply. Not to be confused with Federal Supply Class, terminology used to divide supplies and equipment into 10 easily identifiable categories of materiel that are depicted by Roman Numerals, as follows:

AP16.10.1. Class I. Subsistence, including gratuitous health and welfare items.

AP16.10.2. Class II. Clothing, individual equipment, tentage, organizational tool kits, hand tools, administrative, and housekeeping supplies and equipment.

AP16.10.3. Class III. Petroleum fuels, lubricants, hydraulic and insulating oils, preservatives, liquid and compressed gases, bulk chemical products, coolants, de-icing and antifreeze compounds, together with components and additives of such products, and coal.

AP16.10.4. Class IV. Construction materials to include installed equipment and all fortification and/or barrier materials.

AP16.10.5. Class V. Ammunition of all types (including chemical, biological, radiological, and special weapons), bombs, explosives, mines, fuses, detonators, pyrotechnics, missiles, rockets, propellants, and other associated items.

AP16.10.6. Class VI. Personal demand items (non-military sales items).

AP16.10.7. Class VII. Major end items. A final combination of end products that is ready for its intended use; that is, launchers, tanks, mobile machine shop, and vehicles; etc.

AP16.10.8. Class VIII. Medical materiel, including medical peculiar repair parts.

AP16.10.9. Class IX. Repair parts and components to include kits, assemblies and subassemblies, reparable and consumable items required for maintenance support of all equipment, excluding medical peculiar repair parts.

AP16.10.10. Class X. Materiel to support nonmilitary programs, such as agriculture and economic development, not included in classes I through IX.

AP16.11. Commercial Packaging. The materials and methods used by the supplier that meet the requirements of the distribution systems serving both the DoD and commercial customers.

AP16.12. Component (Lower Case). An assembly or any combinations of parts, subassemblies, or assemblies mounted together in manufacture, assembly, maintenance, or rebuild.

AP16.13. Consumable Item. An item of supply (except explosive ordnance and major end items of equipment) that is normally expended or used up beyond recovery in the use for which it is designed or intended.

AP16.14. Consumer Level of Supply. An inventory, regardless of funding source, usually of limited range and depth, held only by the final element in an established supply distribution system for the sole purpose of internal consumption.

AP16.15. Container Consolidation Point (CCP). A facility whose purpose is to combine shipments from multiple shippers to generate full container or air pallet loads of cargo for shipment direct to receivers.

AP16.16. Controlled Inventory Items. Those items designated as having characteristics that require that they be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safeguard or integrity. Controlled inventory item categories in descending order of the degree of control normally exercised are, as follows:

AP16.16.1. Classified Items. Materiel that requires protection in the interest of national security.

AP16.16.2. Sensitive Items. Materiel that requires a high degree of protection and control due to statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items of high value, highly technical, or hazardous nature; and small arms and ammunition.

AP16.16.3. Pilferable Items. Materiel having a ready resale value or application to personal possession, which is especially subject to theft.

AP16.17. Customer Demand Pattern. A historical profile of the demands for an item arrayed within timeframes in terms of the geographic locations of the requiring activities and the quantitative volumes required.

AP16.18. Daily Summary Transaction Reporting. Daily reporting to the ICP of supply transactions affecting the demand base or stock status of materiel.

AP16.19. Defense Logistics Information Service (DLIS). Located in Battle Creek, MI, DLSC serves as the custodian of Federal logistics data for supply items, assigns NSNs, disseminates logistics information and serves as the United States National Codification Bureau.

AP16.20. Defense Reutilization and Marketing Office (DRMO). An operating level organization of the DRMS.

AP16.21. Defense Reutilization and Marketing Service (DRMS). A primary level field activity of the DLA charged with the responsibility of managing all aspects of the process of receiving, storing, marketing, redistributing, and disposing of all materiel determined by elements of the DoD materiel management structure to be excess to the needs of a DoD activity.

AP16.22. Defense Transportation System (DTS). A composite of military controlled or arranged terminal services, airlift, sealift, and land transportation.

AP16.23. Demand. An indication of a requirement (requisition, request, issue, and reparable generation; etc.) for issue of serviceable materiel. Demands are categorized as either "recurring" or "non-recurring."

AP16.24. Demand-Based Requirements. A requirements determination process that has a goal targeted at filling a percent of demand or at satisfying demand within a given period of time.

AP16.25. Demand-Support Items. Items that are stocked based on forecasted usage. Demand-supported items are stocked with demand-based requirements on the basis of economics or with limited demand requirements on basis of military mission essentiality.

AP16.25.1. Economic Stockage. An item with demand-based requirements is stocked based on economics when the cost of being out of stock is equal to or exceeds the cost of holding stock and shall be stocked at the wholesale level.

AP16.25.2. Essentiality Stockage. An item with limited demand requirements is stocked based on anticipated usage, but at a level that the item does not meet the established economic stockage criteria. Although a limited demand item fails the economic criteria for stockage because its probability of demand is low, it qualifies as an MME code I, II, or III because the lack of a replacement would seriously hamper the operational readiness of a weapon system.

AP16.26. Demand Development Period. The period of time extending from the date of preliminary operational capability to a point in time when spare and repair parts requirements can be forecast based on actual demands using statistically valid methods.

AP16.27. Demilitarization. The act of destroying the functional or military capabilities of certain types of equipment or material that has been screened through inventory control points and declared surplus or foreign excess. Items that are subject to demilitarization include defense articles on the United States Munitions List as provided by Section 38 of the "Arms Export Control Act" (See 22 CFR 121 (reference (yy))). Also included are items on the Commerce Control List of the Department of Commerce (See 15 CFR 774 (reference (zz))), and items on the United States Munitions Import List of the Bureau of Alcohol, Tobacco, and Firearms of the Department of Treasury. That term includes mutilation, cutting, crushing, scrapping, melting, burning, or alteration to prevent the further use of that

equipment or material for its originally intended purpose, and applies equally to equipment or material in serviceable or unserviceable condition.

AP16.28. Depot Level Reparable Item. A reparable item of supply that is designated for repair at depot level or that is designated for repair below the depot level, but if repair cannot be accomplished at that level, shall have its unserviceable carcasses either forwarded to the depot for repair or condemnation, or reported to the ICP for disposition.

AP16.29. Donations. Donable property under the control of a Military Service and/or a Defense Agency authorized for donation by statute to an authorized donee.

AP16.30. Economic Order Quantity (EOQ). The quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs to order and hold inventory.

AP16.31. Economic Repair Quantity. The quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs to repair and hold inventory.

AP16.32. Electronic Data Interchange. A standard, commercial syntax and set of variable length transactions to facilitate the interchange of electronic data relating to such business transactions as order placement and processing, shipping and receiving information, invoicing, and payment and cash application.

AP16.33. End Item. A final combination of end products, component parts, and/or materials ready for its intended use, e.g., a ship, tank, mobile machine shop, or aircraft (Joint Pub 1-02, reference (mmm)).

AP16.34. End-User. That individual or organizational element authorized to use supply items. That individual or element is normally the terminal point in the logistics system at which action is initiated to obtain materiel required for the accomplishment of an assigned mission or task.

AP16.35. Essential Item. A support item or a repair part whose absence renders the supported system or end item inoperable.

AP16.36. Excess. Materiel that has completed reutilization screening within the Department of Defense and is not required for the needs and the discharge of responsibilities of any DoD activity.

AP16.37. Excess Property at DRMOs. Property not required for the needs and the discharge of the responsibilities of a DoD activity and that is available for reutilization or transfer within the Federal Government, including the Department of

Defense. (Property for donation or sale is surplus, not excess, by law.)

AP16.38. Federal Logistics Information System (FLIS). The comprehensive Government-wide system used to catalog, stock number, maintain and disseminate logistics information for items of supply. That term represents a consolidation of what is presently known as the "Federal Catalog System" and the "Defense Logistics Information System."

AP16.39. Federal Supply Class (FSC). A series of 4 numerals at the beginning of the NSN that designates the general commodity grouping of the item of supply; e.g., Class 5130, Hand Tools, Power Driven.

AP16.40. Field Level Reparable Item. A reparable item of supply that is normally repaired below the depot level of maintenance and for which condemnation authority may be exercised below the depot level of maintenance.

AP16.41. Flight Safety Critical Aircraft Part (FSCAP). Any aircraft part, assembly, or installation containing a Critical Characteristic whose failure, malfunction, or absence may cause a catastrophic failure resulting in loss or serious damage to the aircraft or an uncommanded engine shutdown resulting in an unsafe condition.

AP16.41.1. Critical Characteristic. Any feature throughout the life cycle of a FSCAP, such as dimension, tolerance, finish, material or assembly, manufacturing or inspection process, operation, field maintenance, or depot overhaul requirement that if non conforming, missing, or degraded may cause the failure or malfunction of the FSCAP.

AP16.41.2. Manufacturing Critical Characteristics. Critical characteristics produced during the manufacturing process.

AP16.41.3. Installation Critical Characteristics. Critical characteristics that are not introduced during the manufacture of a part, but are critical in terms of assembly and/or installation, e.g., proper torque.

AP16.42. Force or Activity. A unit, organization, or installation performing a function or mission; a body of troops, ships. or aircraft, or a combination thereof; a function, mission, project, or program, including the Military Assistance Program (MAP) and Foreign Military Sales (FMS).

AP16.43. Force or Activity Designator (FAD). The FAD is an integral part of the UMMIPS. The FAD is a Roman numeral (I to V) assigned by the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, or a DoD Component to indicate the relative mission essentiality of a unit, organization, installation, project, or program.

AP16.44. Government Furnished Materiel (GFM). Material owned by the Government and furnished to a contractor to use for specific contract purposes. Title to all material furnished by the Government remains with the Government. GFM is property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. GFM does not include materiel sold by the Government to a contractor.

AP16.45. Hazardous Item. An item of supply consisting of materiel that because of its quantity, concentration, or physical, chemical, or infectious characteristics, may either cause or significantly contribute to an increase in mortality or an increase in serious, irreversible, or incapacitating reversible illness; or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.

AP16.46. Implied Shortage Cost. The derived cost of a shortage of stock based upon a forecast of the number of days of delay in the availability of materiel.

AP16.47. In-Process Assets. Assets on order from DoD vendors and not yet shipped, assets in repair at depot-level organic or commercial repair facilities, and assets in repair at intermediate repair facilities.

AP16.48. In-Storage Assets. Assets in storage at retail consumer level sites, at retail intermediate storage sites, at disposal activities, or in wholesale inventories.

AP16.49. Inactive Inventory. Materiel that is not expected to be consumed within the budget period but is likely to be used in future years.

AP16.50. Inactive Item. An item without a wholesale demand in the last 5 years for which no current or future requirements are anticipated by any registered user or the IMM.

AP16.51. Initial Operational Capability (IOC). The first attainment of the capability to use effectively a weapon, item of equipment, or system of approved specific characteristics that is operated by an adequately trained, equipped, and supported military unit or force.

AP16.52. Initial Spares. Spares stocked to support a newly fielded weapon system or a modification of a weapon system.

AP16.53. Insurance Item. A non-demand-based, stocked, essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced, or a loss should occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement item will seriously hamper the operational capability of a weapon system.

AP16.54. Integrated Materiel Manager (IMM). Any DoD activity or agency that has been assigned wholesale integrated materiel management responsibility for the Department of Defense and participating Federal Agencies. Integrated materiel management responsibilities include cataloging, requirements determination, procurement, distribution, overhaul, repair and disposal of materiel.

AP16.55. Interchangeable and Substitutable (I&S) Family. Two or more items having an interchangeable and/or substitutable relationship with one another. The head of the family is called the master item; i.e., an item with an interchangeable or substitutable relationship with every member of the family.

AP16.56. Interchangeable Item. An item that possesses such functional and physical characteristics as to be equivalent in performance, reliability, and maintainability, to another item of similar or identical purposes, and is capable of being exchanged for the other item without selection for fit or performance, and without alteration of the item itself or of adjoining items, except for adjustment.

AP16.57. Intermediate Supply. Intermediate supply refers to any level of inventory between the consumer and wholesale level of inventory and is considered a retail level. The terms "intermediate supply," "intermediate level of inventory," and "retail intermediate echelon" are synonymous.

AP16.58. Intransit Assets. Materiel that is between storage locations, either wholesale or retail or materiel shipped from vendors after acceptance by the Government, but not yet received by the inventory manager. Intransit assets are not included in the records of wholesale inventory used in the stratification process.

AP16.59. Inventory. Materiel, titled to the Government, held for sale or issue, held for repair, or held pending transfer to disposal.

AP16.60. Inventory Control Point (ICP). An organizational unit or activity within the DoD supply system that is assigned the primary responsibility for the materiel management of a group of items either for a particular Service or for the Department of Defense as a whole (Joint Pub 1-02, reference (mmm)). In addition to IMM functions, an ICP may perform other logistics functions in support of a particular Service or for a particular end item (e.g., centralized computation of retail requirements levels and engineering tasks associated with weapon system components).

AP16.61. Item Essentiality. A measure of an item's military worth in terms of how its failure (if a replacement is not immediately available) would affect the ability of a weapon

system, end item, or organization to perform its intended functions. In stockage models, it is the number by which the shortage cost parameter is multiplied to reflect the differences in military worth among items.

AP16.62. Item Identification. Sufficient data to establish the essential characteristics of an item that give the item its unique character and differentiate it from other supply items.

AP16.63. Item Management Coding. The process of determining whether items of supply in FSCs for Integrated Materiel Management qualify for management by the individual DoD Components other than the DLA or the GSA.

AP16.64. Life-Cycle Cost. The total cost to the Government of acquisition and ownership of a system over its useful life. It includes the cost of development, acquisition, support, and disposal.

AP16.65. Life-of-Type Buy. A one-time procurement, when all cost-effective and prudent alternatives have been exhausted, for the total future requirement of an item that is no longer expected to be produced. The procurement quantity shall be based upon demand or engineering estimates of mortality sufficient to support the applicable equipment until phased out.

AP16.66. Limited Demand Item. A demand-based item for which usage is anticipated, but the item does not meet the established economic stockage criteria, or an item for which the computed demand-based quantity is less than the authorized stockage level. Although limited demand items fail the economic criteria for demand-based stockage because the probability of demand is low, they qualify as an MME code I, II, or III because the lack of a replacement item would seriously hamper the operational readiness of a weapon system.

AP16.67. Logistic Reassignment. The transfer of integrated materiel management responsibilities from one manager to another.

AP16.68. Materiel. All items (including ships, tanks, self-propelled weapons, and aircraft; etc., and related spares, repair parts, and support equipment, but excluding real property, installations, and utilities) necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes (Joint Pub 1-02, reference (mmm)). Materiel is either serviceable (i.e., in an issuable condition) or unserviceable (i.e., in need of repair to make it serviceable).

AP16.69. Materiel Management. Continuing actions relating to planning, organizing, directing, coordinating, controlling, and evaluating the application of resources to ensure the effective and economical support of military forces. It includes provisioning, cataloging, requirements determination,

acquisition, distribution, maintenance, and disposal. The terms "materiel management," "materiel control," "inventory control," "inventory management," and "supply management" are synonymous.

AP16.70. Maintenance Replacement. The replacement of an unserviceable reparable item by a serviceable item. In that context, unserviceable items shall include items that are replaced due to malfunction or shall have reached the end of an administratively determined removal interval for preventive maintenance or safety considerations.

AP16.71. Management Control Activity (MCA). A DoD Component, DoD activity, or non-DoD activity, if participating by separate agreement (e.g., the Coast Guard), designated to receive, screen, and validate Service-initiated and contractor-initiated requisitions for GFM from the wholesale supply system to support DoD contracts or requirements.

AP16.72. Marking. The application of legible numbers, letters, labels, tags, symbols, or colors to ensure proper handling and identification during shipment and storage.

AP16.73. Materiel Condition. A classification of materiel that reflects its readiness for issue and use or to identify the action underway to change the status of materiel.

AP16.74. Materiel Denial. A transaction notifying the IMM that there is insufficient materiel in storage to satisfy, in total or in part, the quantity directed for issue and specifying the quantity that may not be issued.

AP16.75. Materiel Obligation. A materiel obligation is that unfilled portion of a requisition (for a stocked or a nonstocked item) that is not immediately available for issue, but is recorded as a commitment for future issue. The terms "materiel obligation" and "back order" are synonymous.

AP16.76. Materiel Release Order (MRO). An order issued by an accountable supply system manager (usually an inventory control point or accountable depot and/or stock point directing an non-accountable activity (usually as storage site or materiel drop point) within the same supply distribution complex to release and ship materiel (Joint Pub 1-02, reference (mmm)).

AP16.77. Material Shortage. Lack or shortage of any raw, in process, or manufactured commodity, equipment, component, accessory, part, assembly, or product of any kind.

AP16.78. Military Mission Essentiality (MME). That code indicates the composite effect of an item on the overall military mission based on the most critical significant application of the item. That code shall be used in determining resource allocations, determining degree of management intensity, and

communicating essentiality among the DoD Components. See Appendix AP3 for detailed description of MME codes.

AP16.79. Military Packaging. The methods and materials described in Federal or military specifications, standards, drawings, or other authorized documents or systems designed to prevent damage or deterioration during distribution or storage of materiel.

AP16.80. Minimum Replacement Unit (MRU). The minimum quantity of an item normally replaced during a maintenance action, often the quantity of a component used for each end item.

AP16.81. Model. A mathematical representation of an operation or management system capable of manipulation to achieve optimum solutions to stated problems.

AP16.82. Modification. A Government-approved change in the configuration of a part or item that offers a significant benefit to the Government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or effecting a substantial life-cycle cost savings.

AP16.83. Multi-echelon Readiness-Based Sparing Models. Mathematical models capable of computing the optimal range and depth of spare and repair parts at both wholesale and retail levels to achieve a weapon system readiness goal for the least cost or to maximize readiness for a fixed cost.

AP16.84. National Item Identification Number (NIIN). The last 9 digits of the NSN that differentiates each individual supply item from all other supply items. The first 2 digits signify the National Codification Bureau that assigned the NIIN, while the last 7 digits are nonsignificant and are sequentially assigned by the FLIS. All U.S. manufactured items have a National Codification Bureau Code of "00" (cataloged before 1975) or "01" (cataloged in 1975, or later).

AP16.85. National Stock Number. A 13-digit stock number used to identify items of supply. It consists of a 4-digit FSC and a 9-digit NIIN (Joint Pub 1-02, reference (mmm)).

AP16.86. Non-demand-Based. A requirements determination process that is not based on forecasted demand but qualifies stockage based on other criteria. Types of non-demand-based stockage are insurance stockage, life-of-type buys, and program based buys.

AP16.87. Not Stocked. An item for which there is no established RO. Inventory or usage data may be present; however, stock replenishment would not be initiated.

AP16.88. Operating Level (OL) of Supplies. The quantities of materiel required to sustain operations in the interval between

replenishment shipments. The terms "OL of supplies" and "operating stocks" are synonymous.

AP16.89. Order and Shipping Time (OST) Level. The quantities of materiel required to sustain operations during the interval between the time that an activity initiates a replenishment requisition and the time the activity receives the requisitioned materiel.

AP16.90. Order-to-Receipt Time. The time period extending from the date of a requisition until the date that the materiel is recorded on the receiving activity's inventory records or as otherwise shown on the receiving activity's material receipt acknowledgement when the receiving activity is not posting the materiel it received to inventory.

AP16.91. Organic Support. The capability of a Military Service or a Defense Agency to sustain logistics operations through Government organizational structures.

AP16.92. Phased Support. A contractor support approach to provide interim support for new acquisitions with a commitment to attain organic capability. Phasing may be done by support level (e.g., organization, intermediate, or depot), by subsystem, by design stable components, or other criteria.

AP16.93. Planned Program Stocks. Quantities of an item needed over and above recurring requirements to meet approved programs of a nonrecurring or a sporadic nature (e.g., set assembly and non-repetitive overhaul programs) for which requirements may not be predicted by normal forecasting methods.

AP16.94. Potential Reutilization and/or Disposal Materiel. Component materiel identified by an item manager for possible disposal, but with potential for reutilization; or materiel that has the potential for being sent by an item manager to the DRMS for possible reutilization by another DoD Component or by a Federal, State, or local governmental Agency, or for disposal through sale to the public.

AP16.95. Potential Security Assistance Materiel. Materiel that supports weapon systems phased out, or in the process of being phased out, of use by the Department of Defense but temporarily held for programs authorized by the "Foreign Assistance Act of 1961," as amended (40 USC. 512(a), reference (ccc)), and the "Arms Export Control Act of 1976," as amended (DoD 4160.21-M-1, reference (aaa)), or other related statutes by which Department of Defense provides materiel by grant, credit, or cash sales in furtherance of National policies and objectives.

AP16.96. Precious Metals. FSC 9660 items that are gold, silver, platinum, or palladium granulation and sponges, rhodium, ruthenium, iridium, and osmium recovered from items such as photographic and x-ray film, spent photographic fixing solution,

military accouterments such as insignia, crucibles, special wires, silver cell batteries, missile and electronic scrap, turnings, desalter kits, brazing alloys, solder, and dental scrap.

AP16.97. Preliminary Operational Capability. The attainment of the capability for equipment or systems to be used by operational units and to function in a manner that is preliminary to, but in support of, the achievement of an IOC.

AP16.98. Preservation. The processes and procedures used to protect materiel against corrosion, deterioration, and physical damage during shipment, handling, and storage; application of protective measures, including cleaning, drying, preservative materials, barrier materials, cushioning, and containers when necessary.

AP16.99. Principal Item. An end item or a replacement assembly of such importance to operational readiness that management techniques require centralized individual item management throughout the supply system to include items stocked at depot level, base level, and using unit level.

AP16.100. Priority Designator (PD). An integral part of the UMMIPS, the PD is a 2-position numeric code (01-15) that identifies the relative priority of the competing requisitions. The PD is used by the materiel management systems to allocate available stocks among competing requisitions. The PD is based on the combination of the FAD assigned to the requisitioning activity and the Urgency of Need Designator (UND). The criteria for determining applicable PDs are in DoD 4000.25-1-M (reference (n)).

AP16.101. Production Lead Time (PLT). The time interval between the letting of a contract or the placing of an order, and receipt into the supply system of materiel purchased.

AP16.102. Program Objective Memorandum (POM). The POM documents a 6-year projected blueprint of each organization's proposals for updating DoD programs. It is submitted to the Secretary of Defense by each Military Department, Defense Agency, and Special Operations Command for approval. The approved POM defines the programs to be supported in the Military Department and the Defense Agency budgets.

AP16.103. Property Accountability. The assignment of duties and responsibilities to an individual or organization that mandates jurisdiction, security, and answerability over public property.

AP16.104. Property Accountability Record. The official record of tangible personal property, including inventory, owned by the Department of Defense that is maintained to identify the quantities of items on-hand, unit prices, locations, physical condition, receipt and issue records, authorized stock numbers,

item descriptions, and other such information necessary to properly account for materiel and exercise other inventory management responsibilities.

AP16.105. Provisioning. The management process of determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of materiel for an initial period of service.

AP16.106. Quantity Unit Pack. The number of units of issue bound or packaged in a unit pack.

AP16.107. Readiness. A measure or measures of the ability of a system to undertake and sustain a specified set of missions at planned peacetime and wartime utilization rates. Measures take account of the effects of system design (reliability and maintainability), the characteristics of the support system, and the quantity and location of support resources. Examples of system readiness measures are combat sortie rate, fully mission capable rate, and operational availability.

AP16.108. Readiness-Based Requirements. A requirement determination process that has a goal targeted at weapon system readiness.

AP16.109. Reason for Stockage Category (RSC). The categorization of an item that indicates the reason or basis for stockage at the retail level of inventory. Those categories reflect the stockage computation or decision rule applicable, and in some cases are used for inventory stratification and supply management purposes.

AP16.110. Receiving. All actions taken by a receiving activity from the physical turnover of materiel by a carrier until the on-hand balance of the accountable stock record file or in-process receipt file is updated to reflect the received materiel as an asset in storage, or the materiel is issued directly from receiving to the customer.

AP16.111. Reclamation. The process of reclaiming required serviceable and economically repairable components and material from excess or surplus property for return to the proper supply activity, whereas the residue is processed as "disposable property."

AP16.112. Reorder Point (ROP). That point at which a stock replenishment requisition will be submitted to maintain the predetermined or calculated stockage objective. The sum of the safety level of supply, the level for ordering and shipping time, repair cycle level, and authorized additive levels equals the reorder point.

AP16.113. Repair-Cycle Level. The quantity of reparable items required to sustain operations during the repair cycle that

commences when a maintenance replacement takes place and ends when the unserviceable asset is returned to stock in a serviceable condition. That includes such stages as removed, awaiting shipment, in transit, in pre-repair screening, in process of repair, and being returned to serviceable stock. Any extraordinary awaiting-parts delays and any intentional extended-transit, storage, or repair-process delays should be excluded from the repair cycle.

AP16.114. Reparable Item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

AP16.115. Replenishment. Actions to resupply an inventory when the inventory position reaches the reorder point.

AP16.116. Representative Procurement. A procurement for the replenishment of wholesale level stock, such that the procurement action is routine in nature or the circumstances affecting the procurement are expected to occur on a continuing basis.

AP16.117. Required Delivery Date (RDD). A 3 position field that is used to identify the level of service (in terms of time) that a customer requires of the logistics system. The RDD specifies the allotted times that each element of the logistics system has to satisfy the service level required by the customer. The logistics management systems use the RDD to determine the service level times that must be met or exceeded and allocate their resources, accordingly. The criteria for determining the RDD are in DoD 4000.25-1-M (reference (n)).

AP16.118. Requirements Computation. Any mathematical calculation performed to support requirements determination functions.

AP16.119. Requirements Objective. For wholesale stock replenishment, the maximum authorized quantity of stock for an item. It consists of the sum of stock represented by the economic order quantity, the safety level, the repair cycle level, and authorized additive levels.

AP16.120. Requisition. An order for materiel initiated by an established, authorized organization (i.e., a DoD or non-DoD organization that has been assigned a DoD Activity Address Code) that is transmitted either electronically, by mail, or telephoned to a supply source within the Department of Defense or external to the Department of Defense (General Services Administration (GSA), Federal Aviation Administration (FAA), or other organizations assigned management responsibility for categories of materiel), in accordance with procedures specified in DoD 4000.25-1-M (reference (n)).

AP16.121. Requisition Response Time. The mean time between the date that the wholesale ICP receives a requisition and the date ready-for-issue assets are available to satisfy the requisition.

AP16.122. Requisitioning Objective. The maximum quantity of materiel to be maintained on hand and on order to sustain current operations and core war reserves. It shall consist of the sum of stocks represented by the operating level, safety level, repair cycle, if applicable, the order and shipping time level, and authorized additive levels.

AP16.123. Resupply Time. The mean time between the date a retail activity submits a requisition to the wholesale system and the receipt of the requisitioned materiel.

AP16.124. Retail. Level of inventory below the wholesale level, either at the consumer level (directly supporting customers) or at the intermediate level (supporting a geographical area).

AP16.125. Retail Inventory Manager. Any inventory manager of either a consumer or intermediate level of inventory.

AP16.126. Retail-Level Supply. Those secondary items stored within DoD intermediate and consumer levels of supply down to and including these activities: the Army - to Authorized Stockage List, the Navy - to shipboard and shore stations, the Air Force - to base supply, and the Marines - to base supply and the Marine Expeditionary Force supplies. Retail-level supply does not include end use secondary item materiel.

AP16.127. Retail Stock. Stock held in the custody or on the records of a supply organization below the wholesale level.

AP16.128. Retention Limit. The maximum quantity of on-hand materiel that may be retained in stock, as determined by applicable retention rules.

AP16.129. Safety Level. The quantity of materiel required to be on hand to permit continued operation in the event of a minor interruption of normal replenishment or a fluctuation in demand.

AP16.130. Secondary Item. An item that is not defined as a principal item and includes reparable components, subsystems, and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items, including clothing and other personal gear.

AP16.131. Shelf-Life Code. A code assigned to identify the period of time beginning with the date of manufacture, cure, assembly, or pack and terminated by the date by which an item must be used (expiration date) or subjected to inspection, test, restoration, or disposal action.

AP16.132. Shelf-Life Item. An item of supply possessing deteriorative or unstable characteristics to the degree that a storage time period must be assigned to ensure that it will perform satisfactorily in service.

AP16.133. Single Manager for Conventional Ammunition. The responsibility assigned to the Secretary of the Army by the Secretary of Defense for the procurement, production, supply, and maintenance and/or renovation of conventional ammunition within the Department of Defense. Specific responsibilities, functions, authorities, and relationship are set forth in DoD Directive 5160.65 (reference (nnn)).

AP16.134. Stock Fund. A revolving fund established to finance the costs of inventories of supplies. It is authorized by specific provision of law to finance a continuing cycle of operations. Reimbursements and collections derived from such operations are available for use by the fund without further action by the Congress (Joint Pub 1-02, reference (mmm)).

AP16.135. Storage Activity. The organization element of a distribution system which is assigned responsibility for the physical handling of materiel incident to its check-in and inspection (receipt), its keeping and surveillance in a warehouse, shed, tank, or open area (storage), and its selection and shipment (issue).

AP16.136. Stratification Process. A uniform portrayal of requirements and assets application that is a computer-generated, time phased simulation of actions causing changes in the supply position; e.g., procurement, repair, receipt, issue, termination, and disposal of materiel.

AP16.137. Substitutable Item. An item that possesses such functional and physical characteristics as to be capable of being exchanged for another only under specified conditions or for particular applications and without alteration of the items themselves or of adjoining items. That term is synonymous with the phrase "one way interchangeability," such as item B shall be interchanged in all applications for item A, but item A shall not be used in all applications requiring item B.

AP16.138. Supply Pipeline. The link from the end-user to the retail level to the wholesale level of supply through which requisitions and materiel normally flow.

AP16.139. Supply Source. Any Federal Government organization (DoD or non-DoD) exercising control of materiel and to which requisitions are directed.

AP16.140. Supply Support Request (SSR). A transaction identifying requirements for consumable items that is submitted

by the Component introducing a materiel and/or weapon system to the IMM.

AP16.141. Supply System Responsiveness. Reflects the ability of the supply and transportation systems to obtain and deliver an item of supply to the requesting customer within required timeframes.

AP16.142. Surplus Property. Any property not required for the needs and for the discharge of the responsibilities of all Federal Agencies, including the Department of Defense, as determined by the GSA.

AP16.143. System Acquisition. Process of providing a new or improved materiel capability in response to a validated need.

AP16.144. System Acquisition Program. A directed, funded effort that is designed to provide a new or improved materiel capability in response to a validated need. DoD Acquisition policies and procedures are in DoD Directive 5000.1 (reference (ooo)).

AP16.145. Total Asset Visibility (TAV). The capability to provide timely and accurate information on the location, movement, status, and identity of units, personnel, equipment, and supplies. It also includes the capability to act on that information to improve the overall performance of DoD logistics practices.

AP16.146. Total Item Property Record. The record or record set maintained by the IMM that identifies the quantify, condition, and value of the item assets for each organizational entity having physical custody of those assets. The total item property record includes, as a minimum, materiel that is due in, in transit, in organic wholesale repair facilities, in a contractor's custody, on loan, on-hand in wholesale distribution centers, on-hand at retail activities, and for reported assets in the custody of users.

AP16.147. Total Item Record The portion of the FLIS data bank containing all available information for the identification and logistical support of items with an NSN.

AP16.148. Total Variable Cost. The sum of the variable cost to order, variable cost to hold, and implied shortage cost. Procurement cycles and safety levels are determined through minimization of these costs for any given group of items in an inventory.

AP16.149. Uniform Materiel Movement and Issue Priority System (UMMIPS). A structure that establishes time standards, based on the mission and urgency of need of the requestor, for the supply of materiel from the time of origination of the requirement (date of the requisition) to the time that the acknowledgment of

physical receipt is posted to the requisitioner's inventory record.

AP16.150. Unit of Issue. Denotes by what means we buy and ultimately issue materiel for our end-users and/or customers. Depending on the item, unit of issue can be quantity or physical measurement, or by container or shape of the item. Unit of issue is standard for each item of supply across the Department of Defense.

AP16.151. Variable Cost to Hold. Those costs associated with the cost of capital, inventory losses, obsolescence, storage, and other variable costs of maintaining an inventory. Costs are considered "fixed" if they will remain constant if 50 percent of the work load were eliminated.

AP16.152. Variable Cost to Order. Those costs associated with the determination of requirement, processing of a purchase request, and subsequent contract actions through receipt of the order into the ICP system that will vary significantly in relation to the number of orders processed. Costs are considered "fixed" if they will remain constant if 50 percent of the work load were eliminated.

AP16.153. Weapon System Availability. A weapon system is available if it is capable of performing its intended mission.

AP16.154. Wholesale. The highest level of organized DoD supply, and as such, procures, repairs and maintains stocks to resupply the retail levels of supply. The terms "wholesale supply," "wholesale level of supply," and "wholesale echelon" are synonymous.

AP16.155. Wholesale Stock. Stock, regardless of funding sources, over which the IMM has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities.

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